

**FBIS****DAILY REPORT  
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LIAOWANG COMMENTS ON U.S.-IRAN ARMS DEAL

HK120349 Beijing LIAOWANG in Chinese No 4, 26 Jan 87 pp 28, 29

[*"International Jottings"* by Li Nan (2621 2809): "When Will the U.S.-Iranian Arms Deal Affair Be Settled?"]

[Text] The Reagan administration has of late met with another political storm. Some reporters have called this unrest the "Irangate" affair, under the inspiration of the university known. "Watergate affair." Now, a general outline of the affair has taken shape, but it is still difficult to forecast what the result will be; and the real truth is still hidden.

This affair that has caught world attention was triggered by an 11 November report carried in a Beirut magazine: For 18 months, the United States had on several occasions conveyed arms to Iran, in exchange for American hostages held in Lebanon. Three days later, the U.S. Congress announced that former National Security Council Advisor McFarlane had made a trip to Teheran on a plane carrying U.S. arms in May 1986. Three weeks later, U.S. Attorney General Edwin Meese III asserted that part of the funds derived from the secret arms deal had been transferred to the Nicaraguan rebels. Then all kinds of remarks followed one after another, with exposures and denials entangled, and people were able to see a strange kaleidoscopic scene of contemporary U.S. politics and international struggles.

This arms deal involved a full "multinational enterprise operation," which formed a very complicated international network. The operational procedure was generally as follows: The deal began its preparations with Israel as an intermediary in June 1985. In September, U.S. arms were first transported to Israel, then transferred to Iran by planes or ships of another country. The operation, in seven shipments, was not completed until October 1986; during this period three of the American hostages held in Lebanon were released.

Iran's payment for the U.S. arms was deposited in a Swiss bank. The sum totaled \$30 million, of which \$10 million was transferred to the Nicaraguan rebels through the United States or a third country.

Arms and money circulated between the United States, the Middle East, and Central America. Aside from U.S. and Israeli officials, also involved were Saudi Arabian billionaires, Iranian arms dealers, Canadian intermediaries, and transport companies of other countries. For this, a special account was opened in a Swiss bank, and more than one specialized trade corporation, with branches, was set up.

It took a tortuous underground channel for the funds to be converted into arms when they were eventually transported to Nicaragua. That involved the participation of private U.S. trade corporations and airline corporations, and the utilization of airports and runways for takeoff and landing in Honduras, El Salvador, and Miami in the United States. Of course, the participation of the intermediaries of other countries was indispensable.

But where did much of the remainder of the money go? There has been much speculation. Certainly, some of it has fattened the pockets of the intermediaries, and some is still kept in the Swiss bank. The U.S. Justice Department has demanded that Switzerland freeze this money for checks and investigation. Reports differ as to how much money was involved in this secret arms deal, and no explicit account exists. Those trade corporations have covered up the deal.

What is shocking is that some accusations in the United States have revealed that some of the money was spent in the United States on political propaganda for the Nicaraguan rebels, or was used to support candidates for the U.S. Congress who support the Nicaraguan rebels.

An Israeli who had participated in the arms deal disclosed a recommended plan for the spending of the money: The money would flow back to Iran for an Iranian antigovernment clique. Dealing with the Iranian Government with its own money could be said to be a very "sophisticated plan." These were the words of an Israeli; however, U.S. officials expressed a wish to establish connections with Iranian moderates, which they do not deny.

The Reagan administration has all along considered Iran a country pursuing terrorist activities, and has refused to deal with Iran, while demanding that its European allies follow suit. The Reagan administration even announced that it would not make a deal on the hostage issue. The U.S. Congress also passed a bill to ban overthrowing the Nicaraguan Government with U.S. funds and arms. However, the revealed facts regarding the U.S.-Iranian arms deal run entirely counter to the policy the United States had announced. This has landed Reagan in a very difficult position, for he has not lived up to his words.

What was even more sophisticated was that on the one hand, the U.S. was selling arms to Iran; on the other, it was providing military information useful to Iraq, the other party in the ongoing war, for dealing with Iran. The United States had on many occasions proclaimed its neutrality in the Iran-Iraq war, and expressed the hope that the war would be ended as soon as possible.

The affair is still developing; however, from some disclosures, it is really tortuous and extraordinary. Of course more facts will come to light. They will perhaps serve as very good material for writers who are interested in writing a book on secret international struggles.

It can be seen from this affair that those in power in the United States are really rich and influential, and that they can do anything by hook or by crook to deal with their weaker opponents. The recent secret arms deal has also demonstrated that actions do not always match words in some international affairs, and that publicly declared positions are a far cry from secret negotiations. No wonder some West European countries are astounded and resentful at the tricks of the United States.

Commentators have pointed out that such practices by the United States are based on its contention with another superpower. That is true. However, whether it was contention or not, others had to suffer for this. This also demonstrates that small nations will suffer if they are not careful enough over involvement in the contention between the superpowers. This affair actually serves as a lesson to the contemporary world: The small nations must be vigilant against the superpowers!

With the disclosure of the secret arms deal, a mighty uproar was stirred up, which high-ranking U.S. officials have found very difficult to handle. Thus, another strange thing has taken place in U.S. political life: The senior decisionmakers, including the President, have declared one after another that they were kept in the dark and knew nothing about the hostage exchange and the funds flowing into Nicaragua.

Compelled by the situation, Reagan removed Oliver North, an official of the National Security Council, from office, and approved the resignation of John M. Poindexter, his national security adviser. [paragraph continues]

Those two persons were accused of being responsible for the whole affair. However, at congressional hearings, the two in question refused to talk, citing the Fifth Amendment of the U.S. Constitution, and the Congress could do nothing about it. The results of secret and open investigations over several weeks made the investigators admit that they were facing more problems.

The question arising from the different versions of different people is: Who is telling the truth, and who is lying? Have the government heads lost control of the organs subordinate to them? A congressman criticized Reagan as having either told lies or been taken in.

This affair will harm the Reagan administration; and the question is how serious the harm will be. Some people in the United States estimate that if the exposure of the affair stops at the present level, if Reagan adopts an attitude of admitting his mistakes or removes several more people involved, the current storm will not do a lot of damage and will not develop to such an ending as the "Watergate affair." Moreover, this affair is quite different from the "Watergate Affair" in essence and implication.

There is more than one precedent for such events in U.S. history. In 1961, President Kennedy admitted his mistake in the Cuban incident, removed the CIA director and relevant officials from office, and appealed to the two parties for their support; thus, his strength recovered in a few months, and his reputation remained intact. President Reagan might have referred to that experience. Aside from removing two National Security Council officials from office, he also admitted that his administration had committed mistakes.

At present, U.S. public opinion and the Congress are focusing their attention on Regan, the White House chief of staff, and Casey, director of the CIA. People suspect that the CIA was involved in the affair, because the CIA originally conducted activities in Nicaragua. It is used to such practices. However, Casey flatly denied CIA intervention and insisted that the affair had been solely the action of the National Security Council. President Reagan has refused to punish either Regan or Casey.

Within the United States, the affair has provided a good opportunity for the Democratic Party to launch an offensive. The former Democratic administration failed to win a second term because of the incident involving U.S. hostages held by Iran at that time, which was on a par with the current affair. This time, will not the Democrats launch a counterattack by seizing on the same topic? After the mid-term elections, the Democratic Party gained control over the House and the Senate, and some congressmen are already talking about ending the "Reagan doctrine." The struggle between the two parties will be aggravated from now on, and the Reagan administration will find it more and more difficult to deal with Congress.

Internationally, the Reagan administration will meet some new problems because of the affair. The estimation is generally of a decline in the reputation and appeal of the Reagan administration, with more countries casting doubtful looks at the Reagan administration because of the incongruity of its words and actions.

Thus, the Reagan administration may not recover its strength as rapidly as the Kennedy administration. This is not because Reagan is not as competent as Kennedy, but because the times, as well as the situation, are different now. "Gone are the days." After all, more than 2 decades have passed, and many chapters have been added to history since the days of Kennedy.

At present, the U.S. Congress, the courts, and the ad hoc committee personally appointed by the President are continuing their parallel investigations in this case. President Reagan said that he would do his best to cooperate with the investigation, and would even make an appointment with the investigators to talk with them. He hoped that a result would emerge as soon as possible, so that a full picture of the affair might be given to the whole nation.

Despite the three-way efforts, will the cat eventually come out of the bag? We can only say that until then, nothing is certain! It is reported that the House requires the investigating committee to complete its work by the end of October. It seems that the public will have to patiently wait and see.

RENMIN RIBAO ON U.S. PRESENCE IN MEDITERRANEAN

0W060750 Beijing XINHUA in English 0739 GMT 6 Feb 87

["An 'Option' Ominous of Grave Consequences -- (Short Commentary by PEOPLE'S DAILY)" -- XINHUA headline]

[Text] Beijing, February 6 (XINHUA) -- Following is a short commentary carried by PEOPLE'S DAILY today on the U.S. naval presence in the Mediterranean, entitled "An Option Ominous of Grave Consequences":

The commencement of the new year saw stepped up activities in the eastern Mediterranean by dozens of U.S. warships, including nuclear-powered aircraft carriers and vessels carrying thousands of Marines.

The kidnapping of four U.S. hostages in Lebanon has pushed the U.S. military concentration to a new peak. U.S. high-ranking government officials, in a reference to the development, said that there are "several options" for dealing with the crisis and terrorism in the Middle East, including a military option which now looks very likely in view of the current situation.

The Middle East has always been an arena of confrontation and rivalry between the two superpowers. Of late, the United States has suffered setbacks both internally and diplomatically following the revelation of U.S. arms sales to Iran, mauling its credibility both in the Middle East and on the broader international scene. Last month, U.S. Assistant Secretary of State Richard Murphy made a shuttle visit to Mid-East countries, but returned home empty-handed.

After Murphy's return home, U.S. fleets went into action. But military actions cannot burnish the U.S. image, nor will it bring an end to chaos in the Middle East. Seven years ago, the meticulously-prepared "Blue Light Operation" designed to free the American hostages in Iran ended in failure. Four years ago, more than 200 of the U.S. Marines who made up most of a multinational force stationed in Lebanon were killed in a blast at their base near the Beirut airport, thus forcing the withdrawal of American troops. What will happen if the United States again resorts to using military means? Past experience shows that grave consequences are in store for anyone who resorts to high-handed, military moves.

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PRC INTERNATIONAL AFFAIRS  
NORTHEAST ASIA

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XINHUA CITES DPRK PAPER ON NONNUCLEAR POLICY

OW121107 Beijing XINHUA in English 1033 GMT 12 Feb 87

[Text] Pyongyang, February 12 (XINHUA) -- The Democratic People's Republic of Korea which has been practising a nuclear-free policy, will never possess nuclear weapons, a commentary in the official newspaper MINJU CHOSON said today.

A document released recently by the Strategic Defense Institute of the U.S. National Defense University says the DPRK is now capable of building nuclear weapons and will soon become a nuclear power, according to MINJU CHOSON.

The commentary called the saying in the U.S. document "a sheer fabrication."

It said the Korean people do not want their land to become a nuclear battlefield and want to live in peace.

The DPRK Government last June proposed that the Korean peninsula become a nuclear-free zone. It suggested that nuclear arms be never tested, stored or manufactured in the North, and that no nuclear bases be allowed anywhere on the peninsula.

But the U.S. and South Korea have not yet responded to the proposal, the commentary said.

XINHUA NOTES DPRK AGREEMENT ON 1988 OLYMPICS

OW130246 Beijing XINHUA in English 0208 CMT 13 Feb 87

["Agreement in Principle With DPRK Olympic Committee for 1988 Olympic Games" -- XINHUA headline]

[Text] Lausanne, February 12 (XINHUA) -- Juan Antonio Samaranch, president of the International Olympic Committee, said tonight that the Olympic Committee of the Democratic People's Republic of Korea had agreed in principle to accept a proposal for the 1988 Olympic Games.

The IOC proposed eight months ago that all of the table tennis and archery tournaments, preliminary rounds of football and a cycling road race of the 1988 Olympic Games be held in the North.

Samaranch noted that he would call a fourth round of talks with officials of the DPRK Olympic Committee and South Korean Olympic Committee at the IOC Headquarters in Lausanne sometime later.

He continued that the meeting would be aimed at "advancing the detailed arrangements" for dividing the games under his compromise but admitted DPRK would be free to press for more events.

After [the] DPRK Olympic Committee delegation's meeting with the IOC Executive Board today, Chin Chung-kuk, vice-president of the DPRK Olympic Committee, told reporters that the DPRK Olympic Committee wanted to stage more sports at the 1988 summer games. "We demanded five or six more events," he said.

WANG MENG LEAVES FOR GOODWILL VISIT TO THAILAND

OW131100 Beijing XINHUA in English 0650 GMT 13 Feb 87

[Text] Beijing, February 13 (XINHUA) -- A Chinese governmental cultural delegation left here this morning for Thailand on a goodwill visit at the invitation of the National Culture Committee of the Thai Ministry of Education.

Before leaving, Wang Meng, leader of the delegation and minister of culture, told reporters that the visit by his delegation will help enhance bilateral mutual understanding of each other's cultural cause.

During the visit he is expected to hold talks with the Thai minister of education, he added.

Since the establishment of diplomatic relations between China and Thailand in 1975, he said, bilateral cultural exchanges have kept increasing and their scope expanding and, last year witnessed the greatest number of exchange items in the past 11 years.

The frequent exchange of visits between the two countries has played a positive role in invigorating the two countries' culture and promoting bilateral mutual understanding and friendship, he said.

KHIEU SAMPHAN VIEWS SOLUTION TO CAMBODIA ISSUE

OW121103 Beijing BEIJING REVIEW in English 9 Feb 87 p 16

[Report on BEIJING REVIEW correspondent Chen Guang's interview with Khieu Samphan, vice president of the Coalition Government of Democratic Kampuchea, at an "undisclosed location" in Cambodia on 27 December 1986: "Eight Point Proposal -- Hanoi's Only Way Out"]

[Text] Today, as the military situation clearly shows, Vietnam has been bogged down in its war of aggression against Kampuchea, and the frustrations of the battlefield have caused Hanoi serious difficulties in the everyday life of the Vietnamese people. If Vietnam continues its war of aggression against Kampuchea, it will not be able to solve its economic problems. Soviet aid, no matter how huge, will do little to help.

All the Vietnamese government organs are now overcast with a mood of pessimism, a crisis in faith and the prevailing corruption. Although they have made calls for remedying these ills, no one paid any attention to them. For Vietnam, the only way out is to accept the 8-point proposal put forward by the Democratic Kampuchean Coalition Government for a political solution to the Kampuchean question.

The proposal is a very generous one, for, although the Vietnamese war of aggression has brought enormous damage to the Kampuchean nation, the Kampuchean people and the Democratic Kampuchean Coalition Government raise no other demand than that the Vietnamese withdraw from their country. Furthermore, the Kampuchean people are creating conditions for an orderly and decent Vietnamese pullout, and they are prepared to sign a treaty of mutual non-aggression with Vietnam that will guarantee trade and peaceful coexistence.

As for the Soviets, continued support for Vietnam in its war of aggression against Kampuchea will not only have an adverse impact on their economy, but also weaken their influence in the Asian-Pacific region and in the whole world. Conversely, if the Soviet Union stops backing Vietnam and urges it to withdraw from Kampuchea, it will have many things to gain. For example, it will resume normal relations with the member states of the Association of Southeast Asian Nations, Japan and China on the basis of mutual trust, respect and benefit.

As for the question of whether Vietnam's tranquility or peace will be threatened after it withdraws from Kampuchea, the Soviets needn't worry. No one will go and make trouble in Vietnam. On the contrary, if Vietnam withdraws from Kampuchea, it will win the applause of all the nations in the region. Kampuchea is a tiny country; it will not make war with Vietnam. What Kampuchea wants is to live in peace within its current borders as an independent, peaceful, unified, neutral and nonaligned country without the presence of foreign troops on its soil.

In short, a political settlement of the Kampuchean problem in accordance with the 8-point proposal of the Democratic Kampuchean Coalition Government will benefit all parties concerned. Yet, thus far, there has been no sign that Vietnam is willing to pull out of Kampuchea, nor that the Soviet Union would halt its support for Vietnam. On the contrary, both are plotting to hoax the international community into recognizing Vietnamese occupation of Kampuchea as a fait accompli. In this situation, the task facing the Kampuchean people and the Democratic Kampuchean Coalition Government is to carry on their struggle for independence and peace. To remove the cause of tension in Southeast Asia and the Pacific region, it is hoped that all peace-loving countries will bring diplomatic pressure to bear upon Vietnam, stop giving Hanoi any kind of aid and suspend economic and trade ties with it. The combined force of the Kampuchean people's resistance and international diplomatic pressure will be powerful enough to compel Vietnam to accept a political settlement of the Kampuchean issue.

The Kampuchean people and the Democratic Kampuchean Coalition Government headed by President Norodom Sihanouk are deeply grateful to all who support their struggle and demand that Vietnam withdraw from Kampuchea. They want especially to express their thanks to the People's Republic of China for its support and assistance in various forms, and to the ASEAN countries for their diplomatic efforts to force Vietnam to pull out of Kampuchea.

#### SON SEN DISCUSSES MILITARY SITUATION IN CAMBODIA

OW121103 Beijing BEIJING REVIEW in English 9 Feb 87 p 17

[Report on BEIJING REVIEW correspondent Chen Guang's interview with Son Sen, commander of the National Army of Democratic Kampuchea, "in Kampuchea" on 27 December 1986: "Vietnamese Invaders' Plan Falls Flat"]

[Text] The Vietnamese invaders had two ambitious plans for 1986: One was to seal off the transport routes and other passageways by which the patriotic Kampuchean resistance forces move ammunition and troops to their bases in the country's interior. The other was to move a large part of the Vietnamese troops stationed in Kampuchea's western border areas to the hinterland, and build strongholds there to defend Phnom Penh and other major cities around Tonle Sap, and guard the strategic highways, especially Highways No 5 and No 6, and the Phnom Penh-Battambang railway.

These two plans have been foiled by the troops and people of Democratic Kampuchea, with the help from those who were forced by the Vietnamese to work for puppet Khmer army, self-defence corps and puppet local governments. [paragraph continues]

The Vietnamese aggressors could neither blockade the National Army of Democratic Kampuchea nor prevent it from smashing the puppet governments in villages, attacking small and medium-sized towns and raiding some important cities, such as Phnom Penh, Siem Reap, Battambang, Kompong Thom and Pursat. The remarkable developments in the military situation in 1986 were as follows:

First, the number of villages liberated by the National Army of Democratic Kampuchea in the last dry season and the rainy season of 1986 was many times the previous figure. Most of these liberated villages are in the surrounding areas of Phnom Penh and other cities around Tonle Sap, or along Highways No 5 and No 6 and the Phnom Penh-Battambang railway. Capturing these villages can pin down a substantial part of the Vietnamese troop strength used to defend major cities and strategic highways, thus making it impossible for the enemy to concentrate a huge force -- divisions of troops -- to launch sweeps against the National Army.

Second, more and more puppet soldiers deserted their units and joined the National Army of Democratic Kampuchea, frustrating the Vietnamese plan to use the puppet troops and village governments as a supporting force. Conflicts between the puppet army and Vietnamese troops have grown more acute.

Third, the three resistance groups (Sihanoukists, Khmer Rouge and the Son Sann-led Khmer People's National Liberation Front --ed.) better coordinated their operations in the fight against their common enemy, the Vietnamese aggressors. This new development has filled the Kampuchean people as well as their friends throughout the world with joy. The military co-operation of the three groups, like their co-operation on the diplomatic front, is important to pushing forward the battle against Vietnam; it is the guarantee for the victory of the present anti-Vietnamese struggle for the liberation of Kampuchea, and it also will be the guarantee of the defense and construction of the country after Vietnam is forced out.

In short, the military situation in 1986 was favourable to the patriotic Kampuchean resistance forces and unfavourable to the Vietnamese aggressors. It was the fruit of the joint efforts by the National Army of Democratic Kampuchea and all the patriotic forces in the country: a product of their arduous struggle.

#### PHILIPPINES' ENRILE CITED ON NUCLEAR WEAPONS BAN

GW122023 Beijing XINHUA in English 1624 GMT 12 Feb 87

[Excerpt] Manila, February 12 (XINHUA) -- Former Philippine Defense Minister Juan Ponce Enrile said here today that the continued entry of and calls at Philippines by U.S. warships carrying nuclear weapons violate the provision of the 1986 Constitution. In an interview with newsmen, Enrile added the new charter has a provision banning nuclear weapons in the country. The entry of U.S. warships with nuclear weapons "is therefore a ground for future impeachment proceeding against the president."

Enrile said that the president has to fully enforce the constitutional ban on nuclear weapons because "it is a mandatory provision of the Constitution."

Enrile said that the new congress, set to convene on July 27, can initiate, by one third vote of its members, impeachment proceedings against the president, if she allows continued entry of U.S. warships carrying nuclear weapons.

Enrile denied that the political opposition is now contemplating impeachment proceedings against the president. [passage omitted]

LIU SHUQING REMARKS ON PAKISTAN CITED

BK071334 Karachi Domestic Service in English 1300 GMT 7 Feb 87

[Text] The Chinese vice foreign minister, Mr Liu Shuqing, has said Pakistan and China are committed to the principles of peaceful coexistence and will work hand in hand for the maintenance of peace and stability in South Asia.

Speaking at a dinner hosted in his honor by the Pakistani ambassador in Beijing last night, he praised the efforts made by Pakistan to de-escalate tension created by the recent concentration of troops on its eastern frontier.

The Chinese vice foreign minister said that his country supports Pakistan's efforts for seeking a political settlement of [the] Afghanistan problem.

INDIA TO ESTABLISH FUSION RESEARCH PROGRAM

OW121126 Beijing XINHUA in English 1046 GMT 12 Feb 87

[Text] New Delhi, February 12 (XINHUA) -- India is going to launch thermonuclear research in a bid to tap an "unlimited and economical" power source of energy-fusion, local press reported today.

The Bhabha Atomic Research Center (BARC) in Bombay is setting up a "Center for Advanced Technology (CAT)" in Indore of Madhya Pradesh for the purpose.

The center will carry out basic as well as applied research in thermonuclear reaction and to develop technologies for applied areas.

The hi-tech research and development at the CAT will concentrate on application of lasers and accelerators in thermonuclear reactors.

The CAT project, costing 1.1 billion rupees (88 million U.S. dollars), will also grow into an advanced research center for associated fields such as cryogenics, high power magnets, surface and material science, radio frequency systems, special optical components, ultrahigh vacuum and pulse power technology.

The concept of thermonuclear fusion is being pursued frantically by the Soviet Union, the United States, Japan, the European Community members and other countries in an effort to achieve a breakthrough in fabricating the workable fusion reactors.

ACCORD SIGNED WITH FRG ON TRAINING CENTER

OW121327 Beijing XINHUA in English 1255 GMT 12 Feb 87

[Text] Beijing, February 12 (XINHUA) -- An agreement between China and the Federal Republic of Germany on jointly running a training center of modern industrial technology in Tianjin was signed here today. The center will train teachers, managerial personnel and technicians for cooperation enterprises in the fields of machinery and electronics and for economic and technological cooperation projects between the two countries.

Federal Germany will provide 25 million Deutsche marks as financial loan and 10 million Deutsche marks as donation.

The document was signed by Shen Jueren, Chinese assistant minister of foreign economic relations and trade, and Federal German Ambassador to China per Fischer.

HUANG HUA MEETS AUSTRIAN STATE DELEGATION

OW071244 Beijing XINHUA in English 1229 GMT 7 Feb 87

[Text] Beijing, February 7 (XINHUA) -- Huang Hua, vice-chairman of the national People's Congress Standing Committee, met a delegation from the state of Karnten, Austria, led by its Governor Leopold Wagner here this afternoon.

The delegation will pay a goodwill visit to the Zhuang Autonomous Region of Guangxi at the invitation of the regional people's government and sign an agreement on the establishment of friendship ties between the state and the region there.

This evening Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries, gave a dinner for the visitors.

ZHOU PEIYUAN MEETS SPANISH PEACE DELEGATION

OW121131 Beijing XINHUA in English 1110 GMT 12 Feb 87

[Text] Beijing, February 12 (XINHUA) -- Zhou Peiyuan, president of the Chinese People's Association for Peace and Disarmament, met and feted here today Francisco Sauquillo, president of the Spanish Movement for Peace, Disarmament and Liberty, and his party. The Spanish visitors arrived in China February 6 and have since visited Shenzhen, Guangzhou and Shanghai.

ULANHU RECEIVES IRISH ENVOY'S CREDENTIALS

OW120835 Beijing XINHUA in English 0649 GMT 12 Feb 87

[Text] Beijing, February 12 (XINHUA) -- New Irish Ambassador to China Gearoid O'Briain presented credentials to Vice-President Ulanhu here this morning. The ambassador arrived here February 6.

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PRC INTERNATIONAL AFFAIRS  
EASTERN EUROPE

H 1

CSSR, BULGARIAN LEADERS TO VISIT IN APRIL, MAY

OW061223 Tokyo KYODO in English 1212 GMT 6 Feb 87

[Text] Beijing, Feb 6 KYODO -- Czechoslovak Prime Minister Lubomir Strougal and Bulgarian President Todor Zhivkov will visit China in early April and May, respectively, Eastern diplomatic sources in Beijing said Friday.

The leaders of the pro-Soviet Eastern European countries will visit China at the invitation of Premier Zhao Ziyang, concurrently acting general secretary of the Chinese Communist Party.

Zhao himself is due to make a tour of Poland, East Germany, Czechoslovakia, Hungary and Bulgaria in June.

The moves are taken as indicating a shift in China's foreign policy line from its West-oriented one following dismissal of Yu Yaobang from the post of party general secretary last month.

The sources said China has asked Czechoslovak President Gustav Husak to visit the country this year instead of next year as scheduled.

They also said China has invited Janos Kadar, first secretary of the Hungarian Socialist Workers' Party, to visit the country.

According to Chinese sources, Foreign Minister Wu Xueqian will visit Czechoslovakia, Poland and Bulgaria next month.

The diplomatic sources said the Chinese party's left wing is calling for closer ties with other socialist countries.

The Soviet Union is trying to have Zhao visit Moscow at the time of his Eastern European tour but China is reluctant to comply with the request, the sources said.

They also said Zhao told a Hungarian party delegation in Beijing last month that he will make the tour as both premier and acting general secretary.

WAN LI MEETS BULGARIAN TRADE DELEGATION

OW131112 Beijing XINHUA in English 1046 GMT 13 Feb 87

[Text] Beijing, February 13 (XINHUA) -- Chinese Vice-Premier Wan Li said here today China and Bulgaria can cooperate in a wide range of fields.

Wan made the remark during his meeting here this afternoon with a delegation from the Bulgarian Association of Industries for the People, led by President Elena Zlateva. The association is in charge of light industry and textiles.

The two countries have increased their contact and exchange of visits in recent years, the vice-premier said. They can also share each other's experience in economic reforms.

Zlateva expressed satisfaction over the two countries' economic and technological cooperation in the field of textiles, adding there is great potential for its further expansion.

Feted 12 Feb

OW122015 Beijing XINHUA in English 1443 GMT 12 Feb 87

[Text] Beijing, February 12 (XINHUA) -- Chinese Minister of Textile Industry Wu Wenying hosted a banquet for a delegation from the Association of Industries for People of Bulgaria led by Association President Elena Zlateva here tonight.

Wu said at the banquet that the Chinese and Bulgarian peoples should further strengthen their unity and cooperation by helping supply each other's needs and learning from each other.

She [as received] said she was sure Sino-Bulgarian cooperation in the light and textile industries would continue to grow.

Zlateva expressed her satisfaction for the good relations of cooperation between the two countries. She said she hoped such relations would advance to a new height.

The Bulgarian visitors arrived here this morning for a study of China's light and textile industries.

#### LIAOWANG ON CZECHOSLOVAK ECONOMIC REFORMS

HK121041 Beijing LIAOWANG in Chinese No 5, 2 Feb 87 p 28

["Special Dispatch" from Prague by LIAOWANG contributing reporter Sun Xiyu (1327 1585 2589): "Czechoslovakia's New Steps in Developing Its Economy"]

[Text] On 8 January, the Presidium of the Central Committee of the Communist Party of Czechoslovakia and the government promulgated 37-point guidelines for the reform of the economic mechanism, instructing the organizations concerned to draw up a comprehensive plan for the reform of the economic mechanism in line with these guidelines no later than the end of this year and to start taking some concrete reform measures. Prior to this, at the end of last year, the government announced that beginning 1 January 1987, after gaining experience in conducting comprehensive experiments in the reform of the economic mechanism in the Yabuluoneici [7161 1580 3157 0355 5412] Jewelry Concern and the Nuoweiboer [6179 4850 0590 1422] Crystal Glass Integrated Enterprise, the experiments would be extended to 20 more enterprises within the year.

As the new year began, the Czechoslovak party and government took these quick actions and promulgated this important resolution. This is the first such move seen for many years. This indicates that Czechoslovak leaders attach importance to reform and want to speed up economic development.

The kernel of the newly promulgated guidelines for the reform of the economic mechanism and the resolution on carrying out comprehensive experiments is the expansion of the authority of enterprises while socialist principles concerning social and economic management are upheld and the party's leading role and the administrative functions of the socialist state are strengthened. In reforming the economic mechanism, the following major steps will be taken:

-- Properly handling the relationship between the central authorities and the enterprises. The central authorities will still guide enterprises by assigning long-term mandatory plans and tasks so that they can link their own interests more closely with society's interests. To tighten central control, superfluous intermediate administrative links will be curtailed.

-- Enhancing enterprises' sense of responsibility for better meeting social demand while the authority of enterprises is further expanded. The state-assigned mandatory targets will be further reduced by 40 percent as compared with the previous 5-year plan. It has been stipulated that lower-level administrative organs are not allowed to increase the targets without authorization. The authority of enterprises will be appropriately expanded in drawing up and carrying out their economic plans, using their officially owned funds, perfecting their organizational setups, choosing cooperative methods of marketing, supply, and production, and deciding the commodity mix. Adoption of socialist operating methods will be encouraged, the trend of monopolized management will be curtailed, and competition will be conducted between enterprises. Some enterprises closely interrelated with foreign trades will be set up on a broader scale and given greater authority in directly entering overseas markets. Enterprises will be required to draw up their economic plans in compliance with the state-assigned mandatory targets and tasks. This being observed, they will be allowed to work out or revise their plans in accordance with the relationship of supply and demand and in the light of overseas market variations.

-- Effectively managing the various stages in the process of reproduction using value as a means. In drawing up plans for production and distribution, a balance should be struck, attention should be paid to proportionate relationships, and a balance should be achieved between supply and demand. Therefore, the price system will be reformed, the wholesale prices of manufactured goods lowered, and state subsidies for some farm products abolished to rationalize prices. Meanwhile, the guidance and supervision of enterprises will be strengthened using taxation. Apart from profits delivery, enterprises are obliged to pay taxes according to the amount of their production funds and the number of their employees.

-- Perfecting the system of rewards. Efforts will be made to further implement the principle of distribution and rewards according to the end results of labor, to give play to the role of various systems of rewards, and, regarding the rewarding of leaders, to stress the results of their work in achieving social benefit.

These guidelines and measures are important steps taken to implement the strategic line adopted by the 17th National Congress of the Communist Party of Czechoslovakia, which was held in March of last year. At the congress, the supreme Czechoslovak leader stressed the need to bring the role of science and technology in the practice of production into better play. On the other hand, he clearly pointed out that it is necessary to reform the price and management systems so that the economy will move onto the track of intensive development from that of extensive development and so that the magnificent objective of generating a 66.7 percent growth in the national economy by the end of the century can be attained.

Being relatively industrially developed, Czechoslovakia's industrial production has all along developed steadily. However, due to its limited territory and lack of natural resources, the country has to rely on imports of raw and semifinished materials, energy resources in particular. In the mid-1970's, buffeted by the world economic crisis, the Czechoslovak economy developed at a slower rate. The targets of the Sixth 5-Year Plan (1976-1980) could not be fulfilled as scheduled, although repeated readjustments were made. [paragraph continues]

In the early 1980's, to overcome difficulties, to improve national economic results, and to switch the economy onto the track of intensive development, the party and government decided to start implementing "A Complete Set of Measures To Improve the Planning and Management Systems in the National Economy" in some enterprises. At the same time, the government relaxed its agricultural policy, put an end to the previous practice of imposing excessive controls on agricultural production, assigned mandatory targets to agricultural departments in grain and meat production only, allowed grass-roots agricultural units to work out their own farming plans in the light of local conditions, and encouraged individuals to use their spare time to engage in agricultural and sideline production to enrich market supplies. Thanks to the powerful measures taken in industrial and agricultural production, the Seventh 5-Year Plan (1981-1985) was completed smoothly, with the yearly per capita national income increasing by 3.2 percent. This provides favorable conditions for Czechoslovakia's Eighth 5-Year Plan. The "speed up strategy" adopted by the 17th National Congress of the Communist Party of Czechoslovakia was proposed against this background.

The guidelines of the Presidium of the Central Committee of the Communist Party of Czechoslovakia and the government for the reform of the economic mechanism were formulated after absorbing the reform experiences of other socialist countries and summing up the country's own experience in economic construction. The implementation of these guidelines will help speed up the development of Czechoslovakia's economy.

#### CPPCC'S FEI XIAOTONG MEETS POLISH MINISTER

OW121325 Beijing XINHUA in English 1253 GMT 12 Feb 87

[Text] Beijing, February 12 (XINHUA) -- Fei Xiaotong, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, met here today Polish Minister of Internal Trade and Service Jerzy Jozwiak.

Jozwiak, who is also a member of the Presidium of the Central Committee of the Polish Democratic Party (PDP), conveyed greetings from Chairman Tadeusz Witold Mlynzak of the PDP Central Committee to Fei, who is also chairman of the Central Committee of the China Democratic League (CDL).

The CDL Central Committee later hosted a dinner for Jozwiak.

#### YOUTH LEAGUE DELEGATION LEAVES FOR EUROPE VISIT

OW101658 Beijing XINHUA in English 1444 GMT 10 Feb 87

[Text] Beijing, February 10 (XINHUA) -- A delegation of the Chinese Communist Youth League led by Song Defu, first secretary of the Secretariat of the Chinese Communist Youth League Central Committee, left here tonight on a visit to Romania, Yugoslavia, the German Democratic Republic and Tunisia.

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PRC INTERNATIONAL AFFAIRS  
MIDDLE EAST & AFRICA

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XINHUA INTERVIEWS PFLP'S HABASH ON CAMPS WAR

OW130224 Beijing XINHUA in English 0048 GMT 13 Feb 87

[Text] Damascus, February 12 (XINHUA) -- Secretary General of the Damascus-based Popular Front for the Liberation of Palestine (PFLP) George Habash, today appealed to the international community to help put an immediate end to the horrible disaster in the besieged Palestinian refugee camps in Lebanon.

In an interview with XINHUA, Habash called on all the world progressive forces and leaders of the Arab and socialist states to double their efforts to end Lebanon's camp war which has entered its fifth month.

"The camps inmates are living under dire conditions and their disaster is beyond description. Our people, children, women, and old folks are short of medicines, food, and suffering from diseases and starvation", he added.

He accused Shi'ite Amal militiamen of plotting to remove the Palestinian "rifle" from Lebanon. He warned Amal of the dangerous consequences of what is going on in the camp war.

TANZANIAN PRESIDENT PRAISES TIES WITH PRC

OW130208 Beijing XINHUA in English 0138 GMT 13 Feb 87

[Text] Dar es Salaam, February 12 (XINHUA) -- Tanzanian President Ali Hassan Mwinyi today hailed the good relations between Tanzania and China, saying that China's unconditional assistance to Tanzania will further boost such relations.

After inspecting the Chinese-aided Kiwila Coal Mine, Mwinyi said that Tanzania and China are longtime friends in their struggle for liberation and against colonialism, oppression and exploitation.

The Kiwila Coal Mine in southwest area of the country is expected to go into operation next year. It will meet about 70 per cent of the energy demand in the area.

WANG TAO ATTENDS IRANIAN AMBASSADOR'S RECEPTION

OW110853 Beijing XINHUA in English 0753 GMT 11 Feb 87

[Text] Beijing, February 11 (XINHUA) -- Iranian Ambassador to China Ala'eddin Broujerdi gave a reception here today to mark the eighth anniversary of victory of the Islamic revolution in Iran.

Chinese Minister of Petroleum Industry Wang Tao was among those attending the reception.

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C H I N A  
PRC NATIONAL AFFAIRS

K 1

MINISTER OF CULTURE OFFERS RESIGNATION, STAYS ON

HK130958 Hong Kong AFP in English 0947 GMT 13 Feb 87

[Text] Beijing, Feb 13 (AFP) -- China's Minister of Culture Wang Meng, a prominent writer, offered his resignation recently amid an ideological crackdown but the authorities asked him to stay on, informed sources said Friday.

Mr Wang, who took up his post last year and has since called several times for more cultural freedom, offered to step down at the beginning of this month but was asked to "stay on for the moment," the sources said.

The 51-year-old minister was the target of persecution during the 1957 "hundred flowers" campaign and the 1966-1976 Cultural Revolution. He has written several books critical of the Chinese bureaucracy. His appointment last year seen at the time as a compromise between conservatives and reformers.

Mr Wang has publicly come out in support of the crackdown on "bourgeois liberalization" begun last month following student protests in December.

Western diplomats said however that he may actually be unhappy with the ideological campaign, guided by conservatives among the Chinese leadership, which has seen the expulsion from the Communist Party of two outspoken writers and a prominent scientist who had called for greater intellectual freedom.

Observers here said that Mr Wang's position could be reviewed during a meeting of the National People's Congress, China's parliament, at the end of the March.

The official NEW CHINA NEWS AGENCY said that Mr Wang had left Beijing Friday for Thailand at the invitation of the Thai Ministry of Culture.

SHAKE-UP FORESEEN IN CYL, ORGANIZATION DEPARTMENT

HK130811 Hong Kong AFP in English 0756 GMT 13 Feb 87

[By Pierre-Antoine Donnet]

[Text] Beijing, Feb 13 (AFP) -- Police and university officials are poring over large-character posters that appeared during a wave of student unrest across China in December, an informed Chinese source said Friday.

They are hoping to identify students who provoked demonstrations in at least 18 cities, including Beijing and Shanghai, and expel those who are members of the Chinese Communist Party, the source said.

The official Chinese media have reported that 17 people have been arrested in connection with the demonstrations. None was a student.

Large-character posters, known as "dazibaos," were prominent during the protest for greater political democracy and freedom of expression, although the right to use them was dropped from the Chinese Constitution in 1980.

The Chinese source, who requested anonymity, said it would be relatively easy to identify students who led the demonstrations, the largest since the Cultural Revolution of 1966-76.

Police and university officials snapped photographs of Chinese erecting large-character posters, while street marches were recorded on videotape.

The source also said a major shake-up was underway in two key political bodies -- the Organization Department of the party and the Communist Youth League of China.

Several conservatives, back on top after the forced resignation of Hu Yaobang as party general secretary on January 6, have been using their new-found influence to persuade officials close to him to step down, the source said.

Analysts said personnel changes in the Organization Department were significant because it is responsible, under the supervision of the party Politburo, for selecting ministers and senior government cadres.

The Communist Youth League was a springboard for Mr Hu and many other reformist officials who have emerged in recent years. Many of the league's leaders are considered proteges of the ex-general secretary, whose name has vanished from the official press despite his continued membership on the powerful party Standing Committee.

A Western diplomatic source said purges seemed likely with the return to prominence of conservative party members and the current campaign against "bourgeois liberalization" and Western values.

Meanwhile, the GUANGMING DAILY published an attack Friday on "a minority of party members" that it said and sought to protect those who advocated bourgeois liberalization -- a veiled reference, Western analysts said, to Mr Hu and his proteges.

"A minority of comrades have had a laissez-faire attitude, protecting and even supporting erroneous ideologies," said the newspaper, which has an intellectual readership.

It said this minority had favored the development of bourgeois liberalization, leading to "major disorder in ideological, cultural and artistic circles."

Affirming that the outlook of other party members had been upset by Western ideas and values, the newspaper cited a statement made in 1983 by Chinese leader Deng Xiaoping that Western economic ideas could not be introduced to China blindly. "Moreover, we cannot abandon the struggle against rotten capitalist influences," Mr Deng was quoted as having said. "In the field of culture, a critical analysis must be made in the light of Marxist fundamentals."

Besides Mr Hu, the campaign against bourgeois liberalization has seen the expulsion from the party of journalist Liu Binyan, writer Wang Ruowang and astro-physicist Fang Lizhi.

It has also witnessed the appointment of Wang Renzhi, a confidant of ranking party conservative Deng Liqun, as propaganda chief, replacing Zhu Houze.

PRC TO LAUNCH SATELLITES FOR FOREIGN FIRMS

OW100755 Beijing BEIJING REVIEW in English 26 Jan 87 p 30

[Article by Liu Jianjun: "Launching Satellites for Foreign Firms"]

[Text] China has agreed to launch satellites for the Telesat Co., Western Union Telegraph Co., Pan American World Airway Inc., Space Co. of Sweden and Domenon Video Television Co. Follow-up negotiations have already been held with the first two companies, according to Wu Keli, assistant general manager of the Great Wall Industry Company.

Not long ago, Wu led a delegation to the United States. There they held talks with the Space Transportation Co., ICA, Huse Communication Co., Federation Express and the Canadian Telesat Co.

China has also held advance talks with Canada, the Federal Republic of Germany and Belgium and will sign contracts with them. In addition, China has negotiated with Pakistan, Thailand, Iran, Brazil, Argentina, Nigeria, Gabon, the Central African Republic, the Republic of Equatorial Guinea and Cameroon on launching satellites for them. Relevant contacts have been made with Middle East countries too.

The foreign businessmen's main concerns are insurance and security, said Wu. The insurance world is depressed after failures in the U.S. and French satellite programmes. Although the insurance premium increased by 30 percent. Foreign Insurance Companies reluctant to provide policies for satellites. The People's Insurance Company of China not only handles the insurance for the satellite launching but also charges less, due to China's record of success in satellite launching. According to the contracts China is responsible for the safety of the satellites from the moment they enter China.

To meet the needs of the world market, China is experimenting with rockets which can launch satellites 2.5 ton or 3 ton in weight. China will soon bring the new Changzheng (Long March) carrying rockets into use.

China's two launching sites in Sichuan's Xichang district and Gansu's Jiuquan district will be used to launch stationary or low orbit satellites for foreign clients.

PRC SETS UP GLOBAL AIR TRANSPORT NETWORK

OW121113 Beijing XINHUA in English 1037 GMT 12 Feb 87

[Text] Beijing, February 12 (XINHUA) -- China has established a global aircargo transport network which links more than 40 countries, a Chinese official said here today.

Wang Beipei, deputy general manager of EAS Express Aircargo System (China) Ltd., told XINHUA that her company has opened express aircargo service between China and Britain, France, Japan, Federal Germany, the United States and other countries.

She said: "We offer direct, quality and city-to-city air service to both Chinese and foreign clients."

EAS Express Aircargo System (China) Ltd is the first joint venture specializing in aircargo transport, which was jointly set by the China Jingan Group and a Hong Kong firm in 1985.

As the first Chinese company to offer such a service, she said, her company last year joined the international air and shipping association which is based in the Netherlands

It is also applying for membership in the International Air Transportation Association which has members from more than 100 countries and regions.

The company handled more than 6,000 tons of aircargo last year and is hoping for an increase of 30 percent this year, she added.

Domestically, it has established branches in Beijing, Guangzhou, Dalian, Wuhan, Nanjing and Tianjin, providing services for both Chinese and foreign enterprises and companies.

WAN LI STRESSES IMPORTANCE OF AFFORESTATION

OW121254 Beijing XINHUA in English 1232 GMT 12 Feb 87

[Text] Beijing, February 12 (XINHUA) -- Vice-Premier Wan Li today urged all Chinese citizens to contribute more to tree planting throughout the country.

Speaking at the Sixth Plenary Session of the Central Afforestation Committee, Wan also asked local governments to organize voluntary tree planting programs.

He pointed out that to take part in tree planting is a legal responsibility for all Chinese citizens and a policy of the country.

"We must make the people understand the prosperity of the country and the people rely on economic development, and economic and social development can not be achieved without afforestation and environmental improvement," said Wan, who is also chairman of the Central Afforestation Committee.

China must learn a lesson from developed countries that achieved industrialization at the expense of their ecological balance, he noted.

The vice-premier asked cadres at all levels to make afforestation one of their important duties. Any citizen who seizes state timberland, conducts random felling or steals trees will be punished according to the law.

Over the past five years, Wan said, great achievements have been made in the country's afforestation drive. Ecological conditions in northwest China have improved, newly-planted trees in Henan, Shandong and other provinces are growing well and a greater tree-grass coverage has been developed in Beijing, Tianjin, Shanghai and other big cities.

At the same time, trees have been planted in provincial and autonomous regional capitals, famous cultural and historical cities and major scenic spots.

However, the speed of afforestation has not yet met the needs of the country's economic and social development, Wan said. Few efforts were made in some areas to bring green to the surroundings while random felling and stealing of trees are still rampant in other areas.

Afforestation in medium and small cities and towns is lagging behind, he added.

Some local leaders paid attention only to the utilization of existing resources, short-term economic results and capital construction while neglecting developing new resources and keeping an ecological balance.

As a result, many rivers and water conservancy projects are facing serious erosion problems, droughts and floods. Some 400 million peasants, or half of the country's total, do not have enough firewood and a large proportion of timber and pulp needed in the country has to be imported from abroad.

Wan called on all departments concerned to improve and perfect the policies concerning afforestation and to protect the rights of the contracted tree grower).

Various methods should be adopted to encourage tree planting on hills, mountains, frontier regions, and state-owned forests must be protected.

At the same time, local governments above the county level should work out concrete measures for afforestation according to regulations of the State Council and their local conditions, Wan said.

#### Tree-Planting Statistics

OW121353 Beijing XINHUA in English 1317 GMT 12 Feb 87

[Text] Beijing, February 12 (XINHUA) -- Chinese residents have planted five billion trees since they launched the nationwide voluntary tree-planting drive in 1982, Forestry Minister Yang Zhong announced here today.

Speaking at a meeting here today, he said: "On average 200 million people plant one billion trees a year." This includes 100 million trees planted in towns and cities, double the annual figure before 1981.

He cited the following figures to illustrate the results of the five-year drive:

- The area of land covered by trees and grass in urban areas grew 50 percent;
- Trees and grass cover 20 percent of land in 89 cities; and
- The number of urban parks rose from 728 to 1,026.

The tree-planting drive has extended from 374 major key cities to all other cities and from the 60 priority counties to the vast countryside, Yang told the meeting.

During the 1981-85 period, Chinese planes sowed tree seeds on four million hectares of land and forage seeds on another 584,000 hectares.

Moreover, 3,000 foreigners in Beijing, from 30 countries, plant trees every year. And diplomats from seven countries, including Great Britain and the United States, donated 20,000 U.S. dollars for the tree-planting campaign.

DENG LIQUN SPEAKS TO YOUTH ON STABILITY, UNITY

HK121344 Beijing RENMIN RIBAO in Chinese 12 Feb 87 p 5

[Text of speech by Deng Liqun, member of the Central Committee Secretariat, to young people and masses at "Spring Festival Get-Together," organized by Beijing's Xuanwu District CYL Committee on 25 January: "Without Stability and Unity, We Will Get Nowhere"]

[Text] The responsibility service of helping households in an all-round way has been carried on for several years in Beijing's Xuanwu District, with the level and work becoming better and better each year. On behalf of the party Central Committee, I extend respects to the party and league organizations, as well as all the young comrades participating in this responsibility service of helping households in an all-round way.

Last year, students in some localities created disturbances, and a small number of students in Beijing also were present. Notwithstanding that the number of students involved in incident was not large, we must not be negligent. If this is not handled well, disturbances might arise affecting the social order, as well as the situation of stability and unity in our country. Without a situation of stability and unity, and liveliness and vividness, the construction, reform, opening up to the outside world, and the invigoration of the domestic economy might be disrupted and we can achieve nothing. Over the years, under the guidance of the line, principles, and policies of the CPC Central Committee, we have concentrated our efforts on socialist construction and scored great achievements in all respects. If the political situation of stability and unity is ruined, no one will be interested in construction and we cannot hope that the country will ever be able to shake off poverty and backwardness.

I would like to relay to our comrades some personal experiences. In 1978, we visited Japan. The female interpreter who went with us had stayed in Japan for some time in the 1950's. She told us that the living standards in Japan in the 1950's were quite similar to those in China, perhaps a little higher. However, in 1978, when we visited the country, their living standards were very different from ours. Why? Of course, there are many reasons. During our survey tour, we discovered that for the 20 years or so between the 1950's and our visit, Japan had remained quite stable domestically. Of course, their economic base and technological strength had long been stronger than ours but were destroyed during the war. Within 20 years or so, because of various factors, they had recovered and their industry, agriculture, commerce, and communications had become greatly developed on the basis of the old foundations. During these 20 years or so, we had developed very rapidly in the 1950's. However, in 1958, we suffered greatly from the "Great Leap Forward" Movement. In the 10 years between 1966 and 1976, there was the "Cultural Revolution" and the whole country was plunged into chaos. People were not interested in either their work or their studies. In addition, people quarreled with one person one day, and another the next. There were fights, even with weapons between various factions. Before the "Great Leap Forward" Movement, the country was both politically and socially stable, and economic and cultural undertakings developed rapidly. In the 3 years immediately following the "Great Leap Forward" Movement, we experienced difficulties. The situation improved during several years in which we made readjustments. The better part of the 10 years during the "Cultural Revolution" was spent in the way described above. Since the 3d Plenary Session of the 11th CPC Central Committee, we have brought about stability and unity. Only 8 years have passed. However, we can all see that our industry, agriculture, commerce, and cultural undertakings have all developed, and the people's livelihood has generally improved. [paragraph continues]

Those who are present, whether they are young, middle-aged, or old, can reckon, by making comparisons and doing some calculations, whether their families' living conditions are better now than in 1978. The living conditions for some may not have improved as much as those for others. Even so, their living conditions should be much better now than in 1978. Why have living conditions improved over the past 8 years? They have improved thanks to the party's line, principles, and policies, and to the political situation of stability and unity which is to be jointly upheld by the people of the whole country. If this situation is disrupted, if we start another "Cultural Revolution," if we struggle against one another again, and if we start new factional wars, how can our economy continue to develop and how can our living conditions continue to improve? Comrade Deng Xiaoping once said that without stability and unity, we would have nothing. Every one of us should give serious thought to this.

Today, some socially inexperienced young people have come under the influence of bourgeois liberalization ideologies and have caused trouble for some time. This matter is now more or less over. However, their ideological problems have not been completely solved. Young people are zealous and hope that the country will develop as rapidly as possible. Their desire is not bad. However, one is not practical if one wants to accomplish one's desire without an understanding of the history and present state of one's own country and nation, without an understanding of the society in which one finds oneself, and without an understanding of the people. Ideological work must be done by all of us. The party Central Committee and State Council demand that all forces in society do this work and hope that each family, each household, and each individual will join them. For example, in Xuanwu District, the district party committee, government, league committee, women's federation, and all types of units at all levels, their cadres, workers, and all comrades should participate in this work. This is an important part of the system of contracted responsibility for caring for each household. We should take the lead in doing this. First, we must try to find out in each district which households have children studying at institutions of higher learning, which of them are party or league members, and how they are doing at school. It is said that very few of those students whose homes are in Beijing cause trouble. This shows that we have done our work effectively. However, we should try not to be careless. We should also be aware that there are young people who do not understand things and who say that they make trouble in order to seek democracy, liberty, and human rights. They even think that our party, government, and cadres are all incompetent and that only they can do things properly. Given all this, why should they not have made trouble? Some people indeed have such ideas. Before their ideological problems are solved, some people will continue to make trouble whenever opportunities arise. Our party and government always welcome criticism and supervision by the masses, and they have always seriously and earnestly tried to correct the mistakes in their work. At the same time, we should continue to devote efforts to the ideological work concerning young people and strive to do it increasingly better. Throughout one's schooling, from primary school to college and even graduate school, one should receive family education, academic education, and social education. If we can successfully combine these three types of education, we can produce students of good character and scholarship. If any one of these three links is missing the healthy growth of our children will be at stake.

As ours is a developing country, we need qualified personnel on the one hand, but have difficulties on the other. The number of young people throughout the country who can attend a university is limited. We wish to let more young people attend universities, but we can only proceed step by step and act according to our capability, because our country is still relatively poor. It is no easy job to set up a university.  
[paragraph continues]

Even when a university is set up, we still have to employ a lot of qualified teachers. The young people who have entered universities should study hard and master the skills to serve socialist construction and the people. If they can serve the people well, the people will be grateful. The state will definitely create conditions and opportunities for students of good character and scholarship. If they fail in their studies, they will disappoint both the people and their parents. The comrades of Xuanwu District should take the lead in this matter. Based on striving to understand the situation, you should encourage every household to explain our difficulties to their children. Those who have no children studying in universities or colleges should help their relatives or neighbors. The whole district should conduct work for university and college students, be concerned with their study and moral character, and give them a hand in putting themselves in the correct relationship with the state and society. We must enable young people to understand that the interests of the state should be put first. The future of individuals is possible only when the state has developed. We should link the destiny of individuals with that of the state. We safeguard proper personal interests, but such personal interests should be realized through hard work and contributions made to the state. Moreover, when personal interests contradict with the interests of the state, they should subordinate their personal interests to those of the state.

Some time ago, young people were fond of talking about self-design. We should make an analysis of this situation. We should uphold the four cardinal principles, combat bourgeois liberalization, and carry out socialist construction and the four modernizations. Is it not good self-design to study hard in accordance with the interests of the state and to find the best path to serve the people with what one has learned? In my opinion, this should be encouraged. Conversely, we do not recommend self-design that deviates from our social system and the needs of history and people, that closes itself behind doors and thinks of personal interests at every turn, that ignores the interests of the state and others, and that tries to promote itself unscrupulously at the expense of others.

We must pay serious attention to ideological work with university and college students. This work should be conducted long-term, rather than just for a few months or a few years. There are young people entering universities every year. We should have an intimate understanding of them and find out which universities they have entered, how are they getting along with their studies, how they are observing school discipline and the Constitution, how the league members are observing the party Constitution. We should mobilize the whole society, particularly all parents, to educate their children and combine their efforts with academic and social education. Only by doing so can we ensure that students studying in universities and colleges now and in the future, will become outstanding people in the building of socialist construction. This is a great undertaking to guarantee the future of our country. I hope that our comrades will constantly score new successes and create new experiences.

RENMIN RIBAO ON MAINTAINING SOCIALIST PATH

HK110911 Beijing RENMIN RIBAO in Chinese 9 Feb 87 p 5

[Article by Yu Yiyun (0151 1837 0061): "Firmly Following Our Own Path"]

[Text] The advocates of bourgeois liberalization have cast doubt upon building socialism with distinctive Chinese characteristics, saying that building socialism is a "mere illusion without any substance." [paragraph continued]

Their purpose is not to make theoretical explorations for socialist construction but is aimed at realizing "total Westernization" in China.

Anyone who respects facts can see that since the founding of the state, especially since the 3d Plenary Session of the 11th CPC Central Committee, great changes have taken place in China. The 8 years following the 3d Plenary Session of the 11th CPC Central Committee were the best period since the founding of the state, and there were many remarkable achievements. A very important reason for these achievements is that we have found a path for building socialism with distinctive Chinese characteristics. It is true that since 1956, our party has proposed taking a correct attitude toward the experiences of other countries and exploring our own construction path. However, this exploration was limited to a narrow field and, as a result of the increasing "leftist" trend in guiding ideology, this exploration could not continue. The path of building socialism with distinctive Chinese characteristics was not formally nor actually followed until the 3d Plenary Session of the 11th CPC Central Committee. Only after the ideological line of seeking truth from facts was reiterated by the 3d Plenary Session of the 11th CPC Central Committee, after setting things to right that had been thrown into disorder, and after our party had conscientiously summed up our experiences and lessons in socialist construction over the past 30 years and more, so as to deepen our understanding of socialism and China's national situation, can the question of building socialism with distinctive Chinese characteristics be raised. In his opening speech at the 12th CPC National Congress, Comrade Deng Xiaoping pointed out: "A basic conclusion we have drawn from our long-term historical experience is to combine the universal truth of Marxism with China's specific practice, to follow our own path, and to build socialism with distinctive Chinese characteristics."

The course of our modernization drive since the 3d Plenary Session of the 11th CPC Central Committee is one of continuously opening up the path for building socialism with distinctive Chinese characteristics. We have continued to take economic construction as the central task and concentrated our strength on the development of productive forces so as to achieve our goal of socialist modernization, step by step and stage by stage. We have made it clear that the socialist economy is a planned commodity economy on the basis of public ownership and have made great efforts to develop commodity production and commodity exchange. Under the guidance of the state economy, we have made diverse economic forms and various methods of management coexist for a long time. We have encouraged people to achieve common prosperity while allowing some people and some districts to get rich before others. We have adhered to the principle of distribution according to work and adopted various forms of the economic responsibility system, with the contract system as the main form, both in the cities and the countryside. We have continued to practice the people's democratic dictatorship and taken the building of a high degree of socialist democracy as one of the fundamental targets and tasks of our modernization drive. We have also made it clear that the building of socialist spiritual civilization is an important symbol of the socialist society and have taken the improvement of the ideological, moral, and cultural quality of the whole nation, and making our citizens "four haves" socialist citizens, as a fundamental task in building socialist spiritual civilization. All these embody the distinguishing features of Chinese-style socialism. In building socialism with distinctive Chinese characteristics, we rely mainly on the following two things: To adhere to the four cardinal principles and to continue our reform, opening up, and enlivening of the economy.

Our practice over the past 8 years proves that this is the right path to follow. As production has developed, the economy has been enlivened, and the levels of the people's material and cultural standards have been raised, the advantages of the socialist system have been more fully expressed, and the people have greater confidence in the future. They are linking their own destiny more closely with the future of socialist modernization. As Comrade Deng Xiaoping once said: "Now that we are following the right path, the people are happy, and we are full of confidence." Building socialism with distinctive Chinese characteristics is by no means a "mere illusion without any substance," but a great undertaking by the 1 billion Chinese people and a lively reality in the vast land of China.

Of course, at present no one can give a complete and perfect answer to all the questions about building socialism with distinctive Chinese characteristics, because it is not a ready blueprint in a certain person's mind, but the result of explorations and practice by the broad masses under the leadership of the party. Without the creativity of the masses, how could the good form of the contract responsibility system have come forth? It is only 8 years that we have followed this path. Some problems have been clarified, and some have yet to be further explored. But, on the whole, our orientation is clear, and a general framework has been formed. Along with the development of our modernization drive and overall reform, the distinguishing features of Chinese-style socialism will be displayed more and more fully and clearly. As a matter of fact, these features have been made clearer and clearer in a series of documents by our party, from the documents of the 12th CPC National Congress to the resolution on reform of the economic structure adopted by the 3d Plenary Session of the 12th CPC Central Committee, and the resolution on the guiding principles for building socialist spiritual civilization adopted by the 6th Plenary Session of the 12th CPC Central Committee.

China is a large country with 1 billion people and its national situation is different from that of other countries. Chinese affairs can only be handled in the light of China's specific situation and by the Chinese people through their own efforts. Only thus can they be handled successfully. This is the same in both the revolution and the socialist modernization drive. Is it necessary for us to learn from foreign experiences? Of course it is. It is not only necessary for us to learn from the experiences of other socialist countries, but also necessary for us to learn from the developed capitalist countries their advanced science and technology, as well as their universally applicable experiences of economic management and other useful techniques. But we should never mechanically copy the experiences and patterns of other countries without analysis. In the past, we once mechanically and excessively copied the patterns of certain foreign countries' economic systems, and practice has proved that we cannot succeed in this way. Today, if we follow some people's ideas and try to realize "total Westernization" in our country, that is practising capitalism in all our political, economic, and cultural fields, it can only result in the retrogression of history.

The Chinese people are highly creative. Provided we follow our own path under the guidance of Marxist science and truth, and proceeding from the realities of our country, we will surely be able to build China into a modern socialist country with a high degree of civilization and a high degree of democracy.

LIAOWANG COMMENTATOR ON SOCIAL DEMOCRACY

HK120251 Beijing LIAOWANG in Chinese No 4, 26 Jan 87 p 4

[LIAOWANG commentator's article: "A Talk on Developing Socialist Democracy"]

[Text] Developing socialist democracy is a basic principle of China since the 3d Plenary Session of the 11th CPC Central Committee as well as a basic task of China's socialist construction. Without socialist democracy, it is impossible to guarantee that the entire people can become masters of the country; neither is it possible to realize socialist modernization.

To develop socialist democracy, it is first necessary to correctly understand it. Here, we believe, four points need attention:

First, it is necessary to clarify the essential difference between socialist democracy and bourgeois democracy.

Socialist democracy is democracy which is the most all-round and most extensive in human history. This is because, under the socialist system, all power belongs to the people, and the workers, the peasants, the intellectuals and other working people are the masters of the country. Socialist democracy safeguards the democratic rights of the entire people in an all-round way, not only in the political realm, but also the realm of economic life, cultural life, and social life.

Bourgeois democracy is entirely incomparable with this. In the final analysis, bourgeois democracy serves to safeguard the capitalist system. In capitalist countries, a handful of monopoly capitalists control the economic lifelines, and enjoy all kinds of special privileges. There, the so-called democracy is good for the rich only, while dictatorship is exercised over the workers. It is a paradise for the exploiting classes, but a fraud for the exploited.

Such an essential difference between socialist democracy and bourgeois democracy is a fact witnessed by all. A very small number of people advocating bourgeois liberalization always talk about the West when opening their mouths. They have made speeches everywhere, and written articles, lauding bourgeois democracy to the sky, while socialism was described as good for nothing. They bewilder and stir up trouble among young people who lack political experience. This can only be done with ulterior motives.

Second, to develop socialist democracy, it is necessary to link democracy for the people with dictatorship over enemies.

China is a state of the people's democratic dictatorship. The people's democratic dictatorship is the state system of China. Regarding the people, the people's democratic dictatorship means practicing democracy, so that the people may enjoy democracy on the widest scale. At the same time, it is necessary to practice dictatorship according to law over an extremely small number of antagonistic elements sabotaging socialism, and to mete out punishment to behavior violating the Constitution and the law. If such dictatorship is not exercised, the democratic rights of the overwhelming majority of the people cannot be guaranteed, neither can normal production order, work order, and life order be guaranteed, and there will be no socialist democracy to speak of. Therefore, socialist democracy guarantees only the democracy of the socialist system; by no means will we allow any freedom for anti-socialist activities.

Socialist modernization has been the common aspiration of the Chinese people cherished for long years, as well as the basic interest of the people throughout the country. Socialist modernization can be carried out smoothly only in a situation of unity and stability. Punishing antagonistic elements sabotaging socialism and safeguarding stability and unity means safeguarding the four modernizations and protecting the basic interests of the people. Otherwise, if the country is in turmoil, social order is unstable, and the people have no peace, can there be any four modernizations to speak of?

Third, to develop socialist democracy, it is necessary to combine democracy with centralism and to combine democracy with discipline.

The Constitution stipulates that the principle of democratic centralism practiced in China is the principle of integrating centralism on the basis of democracy with democracy under the guidance of centralism. Such centralism represents the interests and will of the people, and is based on the widest scale and the greatest authority. Because it is the democracy under the guidance of centralism, such democracy can make unified arrangements with due consideration for all concerned, and harmoniously handle the relations between personal interests and collective interests, partial interests and interests of the whole, as well as short-term and long-term interests. This is also entirely impossible for bourgeois democracy.

Democracy and centralism, and democracy and discipline are the unity of opposites; they supplement each other and guarantee each other. Only by combining these two will it be possible to achieve the genuine socialist democratic political situation which we are striving for, namely, a lively and vivid political situation in which there is centralism as well as democracy, discipline as well as freedom, a unified will as well as personal ease of mind.

Fourth, to develop socialist democracy, it is imperative to practice it under the party leadership step by step. The erroneous practice of "four bigs," namely, speaking out freely, airing views fully, holding great debates, and writing big-character posters should never be repeated.

History has already proved that the "four bigs" practice of "kicking aside the party committees to make revolution" during the 10 years of turbulence, and the trouble at the so-called "democracy wall" in demanding democracy by kicking aside the party committees" never produced any positive effects regarding the party and the state, or the society and the people. On the contrary, it brought about only disasters: social turmoil, production regression, sabotage of democracy and the legal system, with the ideological trends of ultra-democratization and anarchism going unchecked.

All these are fresh in the memory of the people throughout the country, and are bitterly hated by them. If anyone should pick up again the "weapon" of the "four bigs" from the rubbish pile of history, the people throughout the nation will resolutely oppose it. Such behavior violating the Constitution and the law must be punished by the law.

In his speech "Uphold the Four Cardinal Principles" delivered in 1979, Comrade Deng Xiaoping pointed out: "While conducting propaganda for democracy, we must strictly distinguish between socialist democracy on the one hand and bourgeois, individualist democracy on the other. We must link democracy for the people with dictatorship over the enemy, and with centralism, legality, discipline, and the leadership by the Communist Party." This statement has pointed out the correct orientation for developing socialist democracy in China.

We should see that it is by no means easy to build a high level of socialist democracy in China. This takes a long course of gradual progress. For this, not only the socialist legal system needs be made complete and perfect with each passing day, but the entire people are required to establish a correct understanding of socialist democracy ideologically, and to acquire the habit of correctly applying socialist democracy in their actions.

GUANGMING RIBAO ON 'INEVITABILITIES' OF SOCIALISM

HK120727 Beijing GUANGMING RIBAO in Chinese 26 Jan 87 p 3

[Article by Chai Yuping (2693 1342 1627): "How To Explain the 'Two Inevitabilities' in the Contemporary Era"]

[Text] Capitalism is bound to die, and socialism is bound to win (hereinafter referred to as the two inevitabilities) is a conclusion drawn by Marx and Engels from the law governing the social economic movement of capitalism. It is also a basic principle of scientific socialism. In teaching, how should we explain the two inevitabilities in light of the practice of the international communist movement, and the movement of opposites of the capitalist mode of production in particular? This is a question which should be conscientiously studied. It is also a matter of great significance to explain the question clearly, because it will help some people correct their understanding of socialism and oppose bourgeois liberalization.

There is a viewpoint which holds: Over the past 100 years or so since the publication of the "Communist Manifesto," the two inevitabilities have not yet been verified due to the continuous development of capitalism. This is a misunderstanding. The two inevitabilities negate capitalism. Proceeding from the materialist conception of history, Marx and Engels negated capitalism on the basis of the principle that production relations must conform with productive forces, and of an analysis of the basic movement of opposites of capitalism. Although the two inevitabilities bring to light the trends of development of capitalism, they do not specifically define the date of the death of capitalism. Of course, while proposing the idea of the two inevitabilities, Marx and Engels analyzed the then practical conditions in Europe. They believed that the basic contradictions of capitalism had begun to intensify, "the productive forces of the society can no longer promote the development of the relations between bourgeois civilization and the bourgeois ownership system." ("Selected Works of Marx and Engels," Vol 1, p 257) With such an understanding, they expected that the two inevitabilities would soon be realized. However, the later state of affairs showed that such a prediction was too optimistic. Therefore, to understand the views of Marx and Engels on capitalism, we must make a distinction between the two predictions: 1) prediction on the trends of development of capitalism (the two inevitabilities); and 2) prediction on the realization of the two inevitabilities. The second prediction must answer the question of when capitalism will die. Although these two kinds of predictions are related, they cannot be lumped together because they are based on different angles. We should not cast doubt upon or even negate the scientific basis of the two inevitabilities because the second prediction has not yet been fully realized.

After affirming the two inevitabilities, how should we explain the scientific basis of the two inevitabilities based on the development of capitalism over the past 100 years or so? The general way to explain it is: Although such development has led to many new states of affairs, the basic contradictions of capitalism have still existed. therefore, the view on the two inevitabilities has not yet been obsolete. Such an explanation is certainly correct. However, it lacks an in-depth analysis of the inner links between capitalist development and the two inevitabilities. [paragraph continues]

In this regard, we may use the development of the mode of capitalist production to directly explain the scientific basis of the two inevitabilities. As mentioned above, the conclusion of the two inevitabilities is drawn from the analysis of the movement of opposites of the capitalist mode of production. It is obvious that the development of the socialized mass production will inevitably lead to the social ownership and management of the means of production. The bourgeoisie has tried in every possible way to negate the trend, and claim the eternity of the capitalist production relations. However, "It is this counterpressure of the productive forces, in their mighty upward growth, against their character as capital, this increasingly compulsive drive for the recognition of their social nature, which forces the capitalist class itself to treat them more and more as social productive forces, as far as this is at all possible within the framework of capitalist relations." ("Selected Works of Marx and Engels," Vol 3, p 317) This is precisely the point. Reviewing the history of the capitalist development, will find several changes in the forms of the ownership system and organizational and management systems: Individual capital — joint-stock company — monopolized social capital (private monopoly and state monopoly) — internationalization of capital, and so on. All this has clearly shown that the capitalist production relations are not eternal matters. Due to the great counterpressure of the productive forces, capitalist production relations have been continuously forced to progress from the elementary stage to the advanced stage (as far as the degree of socialization is concerned). Such changes are confined to capitalism itself. They are not changes in the essence of capitalism. They are not capitalist "revolution" as preached by bourgeois economists in the West. They will not lead to the occurrence of the "people's capitalism," or "welfare states," and so on. The fact that socialism replaces capitalism will, eventually, be realized through the proletarian revolution, and the complete changes of the private ownership system. Furthermore, such changes are considerably limited. They only reflect a certain necessity that production relations must conform with the development of socialized mass production, and that they must accommodate themselves to the development of the productive forces. However, the development of productive forces does not mean the eternity of the capitalist private ownership system. It can only intensify the basic contradiction between private ownership of the means of production and socialized production. In addition, a certain degree of socialization of the forms of capital ownership, administration and management has also shown that although the demand of the ownership and management of means of production by the whole society has been negated and resisted by the bourgeoisie, it cannot be blocked. People will make an effort to open up the ways to meet the demand. This has forced the bourgeoisie to readjust capitalist production relations to comply with the demand. This situation has precisely demonstrated the correctness of the two inevitabilities. As a whole, the two inevitabilities can only be realized through the direct replacement of capitalism by socialism. However, the counterpressure of productive forces has compelled capitalist production relations to constantly change their forms. The entrance for socialism will, eventually, occur on the ladder of history. It will again prove that the two inevitabilities are irresistible, and that every inch of development made by socialist productive forces is preparing material conditions for the negation of the private ownership system, and the realization of socialism.

In the history of communist international government, a number of economically backward countries practiced socialism earlier than developed capitalist countries. Does this fact conform with the two inevitabilities? I think that the answer is yes. The reasons are very simple. Economic backwardness is only relative. It does not mean that there is no capitalism in these economically backward countries. On the contrary, the capitalism of these countries has developed to a certain extent. The proletariat in these countries has suffered from the exploitation and oppression of the bourgeoisie. Under such circumstances, after the people have won their victory in the democratic revolution, it is natural for them to continue to push it to socialist revolution. [paragraph continues]

Of course, according to the analysis of Marx and Engels, socialism is the end result of the development of the basic contradictions of capitalism. When those economically backward countries are realizing socialism, capitalism has not yet been fully developed in these countries. How should we explain the matter then? I think that the basic reason attributing to such differences is the changes of our times. During the 19th century, capitalism was in a period of stable development. Because of oversimplifying class contradiction in the capitalist society, Marx and Engels maintained that it was only when the capitalist basic contradictions became intensified would most members of the proletariat rise up to oppose capitalist rule. When the world entered an era of capitalism in the 20th century, a turbulent situation occurred in the world as a result of the uneven political and economic development, and acute contention occurred among the imperialists. In the economically backward countries, class relations are complicated, and various kinds of contradictions intertwine. Under such circumstances, if the countries concerned are located in the weak link of the imperialist front, and if their subjective revolutionary strength is powerful, they may make use of the crises resulting from the war among imperialists and the intensification of various kinds of contradictions to march toward socialism. In a word, the fact that economically backward countries enter socialism earlier is the result of the development of the basic contradictions of capitalism in these countries (although they have not yet been fully developed), and the result of uneven political and economic development of capitalism. On the other hand, it also shows that the two inevitabilities can be realized in various ways. Lenin's theories on the earlier victory of socialism in a small number of economically backward countries are based on the view of the two inevitabilities. The theories also mark further development of the view. The fact that the socialist forces in the contemporary world are gradually getting stronger and stronger is also a convincing proof of Lenin's thesis.

ADMINISTRATIVE DIVISION CHANGES JUL-DEC 1986

HK120443 Beijing RENMIN RIBAO in Chinese 10 Feb 87 p 4

Report by Zhu Xiaoping (2612 1321 1987): "Changes in the Administrative Divisions at and Above County Level in the Second Half of 1986" -- capitalized passages published in boldface]

[Text] From July to December 1986, the State Council approved the following changes in the administrative divisions at and above county level:

**BEIJING MUNICIPALITY**

Fangshan County and Yanshan District are eliminated; Fangshan District, which covers the administrative areas of the former Fangshan County and Yanshan District, is established.

**HEBEI PROVINCE**

1. Zhuoxian County is eliminated, and Zhuozhou [3214 1558] City (county level), which covers the administrative area of the former Zhuoxian County, is established.

2. Qinglong County is eliminated, and Qinglong Man Autonomous County, which covers the administrative area of the former Qinglong County, is established.

3. Fengning County is eliminated, and Fengning Man Autonomous County, which covers the administrative area of the former Fengning County, is established.

#### NEI MONGOL AUTONOMOUS REGION

Tongliao County, is eliminated, and its administrative area is incorporated in Tongliao City.

#### LIAONING PROVINCE

1. Tieling City Tiefa District is eliminated, and Tiefa City (county level), which covers the administrative area of the former Tiefa District, is restored.

2. Panjin City's suburbs are eliminated, and Panshan [4149 1472] County, which covers the administrative area of the former Panjin City's suburbs, is restored.

3. Panjin City's Panshan District is renamed Shuangtaizi [7175 0669 1311] District.

4. Xincheng County is eliminated, and Xincheng City (county level), which covers the administrative area of the former Xincheng County, is established.

#### JILIN PROVINCE

1. Dongchang [2639 2490] District and Erdaojiang [0059 6670 3068] District are established in Tonghua City.

2. Badaojiang [0360 6670 3068] District, Linjiang [5259 3068] District, and Sanchazi [0005 1479 1311] District are established in Hunjiang City.

#### HEILONGJIANG PROVINCE

1. Jingbohu [6975 3124 3275] City (county level), which covers parts of the administrative area of the former Ningan County and takes Bohai Town as its seat, is established.

2. Zhaodong county is eliminated, and Zhaodong City (county level), which covers the administrative area of the former Zhaodong County, is established.

#### JIANGSU PROVINCE

1. Shazhou County is eliminated, and Zhangjiagang [1728 1367 3263] City (county level), which covers the administrative area of the former Zhazhou County and takes Yangshe Town as its seat, is established.

2. Changzhou City's Guanghua District is eliminated, and the administrative area of the former Guanghua District is incorporated in Zhonglou District and Tianning District.

#### ZHEJIANG PROVINCE

Haining County is eliminated, and Haining City (county level), which covers the administrative area of the former Haining County, is established.

#### SHANDONG PROVINCE

Huangxian County is eliminated, and Longkou City (county level), which covers the administrative area of the former Huangxian County and takes Longkou as its seat, is established.

#### HUBEI PROVINCE

Xiling [6007 7117] District, Wujiagang [0124 1367 1511] District, and Dianjun [7820 6511] District in Yichang City are established.

#### HUNAN PROVINCE

1. Xiangxiang County is eliminated, and Xiangxiang City (county level), which covers the administrative area of the former Xiangxiang County, is established.

2. Leiyang County is eliminated, and Leiyang City (county level), which covers the administrative area of the former Leiyang County, is established.

3. Zhijiang County is eliminated, and Zhijiang Dong Autonomous County, which covers the administrative area of the former Zhijiang County, is established.

#### GUANGXI ZHUANG AUTONOMOUS REGION

Huanjiang County is eliminated, and Huanjiang Maonan Autonomous County, which covers the administrative area of the former Huanjiang County, is established.

#### GUIZHOU PROVINCE

1. Wuchuan County is eliminated, and Wuchuan Gelao Miao Autonomous County, which covers the administrative area of the former Wuchuan County, is established.

2. Daozhen county is eliminated, and Daozhen Gelao Miao Autonomous County, which covers the administrative area of the former Daozhen County, is established.

3. Yanhe County is eliminated, and Yanhe Tujia Autonomous County, which covers the administrative area of the former Yanhe County, is established.

4. Yinjiang County is eliminated, and Yinjiang Tujia Miao Autonomous County, which covers the administrative area of the former Yinjiang County, is established.

#### YUNNAN PROVINCE

Bijiang County is eliminated, and the two districts of Gudeng and Luobenzhuo in the former Bijiang County are incorporated in Luishui County and the three districts of Jiakedi, Zilijia, and Pihe are incorporated in Fugong County.

XIZANG AUTONOMOUS REGION

1. Gyangze Prefecture is eliminated, and the six counties of Yadong, Kangmar, Gamba, Gyangze, Rinbung, and Bainang formerly under Gyangze Prefecture are incorporated in Xigaze Prefecture and Nagarze County is incorporated in Shannan Prefecture.

2. Xigaze County is eliminated, and Xigaze City (county level), which covers the administrative area of former Xigaze County, is established.

SHAANXI PROVINCE

Weicheng [3262 1004] District in Xianyang City is established.

CHEN MUHUA VIEWS PRC FINANCIAL TASKS FOR 1987

HK130153 Nanning Guangxi Regional Service in Mandarin 1030 GMT 10 Feb 87

[Text] The People's Bank of China yesterday held a national meeting of branch heads in Nanning. Attending the conference were Chen Muhua, state councillor and governor of the People's Bank of China, and Wei Chunshu, chairman of the autonomous regional people's government.

During the meeting, Comrade Chen Muhua delivered a report on upholding the four cardinal principles, persisting in reform, opening up and reinvigorating, and making great efforts to promote financial work. Referring to guiding principles, policies, and tasks for this year's financial work, Comrade Chen Muhua said in her report that the guiding principles for our financial work in 1987 are: Continue strengthening and improving the macromanagement of finance; strive by every means to maintain basic currency stability; actively participate in the drives to increase production and practice economy, and to increase revenue and reduce expenditure; quicken the pace of reforming the financial system; open up and develop money markets; expand the channels for accommodation of funds and reinvigorate funds; and improve the economic returns of funds to help the national economy develop in a steady and stable manner.

In implementing these guiding principles in the field of credits, deposits must take precedence over loans, acquisition of circulating funds through credits must take precedence over extending credits to fixed assets, support for placing products on trial sale must precede support for general products, basic industries must precede processing industries, and tapping the fund potential within enterprises must precede considering bank loans. In reforming the financial system, we must integrate control with relaxation, the short-term with the long-term money market, and key points with all areas. Long-term money markets should center on the issuing of bonds. Tests in the issuing of share certificates can only be conducted at a selected number of small collective and individual enterprises.

The targets for our banking work in 1987 are: Have the money supply under control; control the scale of loans in accordance with the state plan; digest and settle the gap in circulating funds by promoting banking work; achieve a 2 to 3 percent reduction in irrational application of funds through the method of conducting checkups on warehouses and making better use of stored goods; and strive to accomplish the tasks of issuing bonds on behalf of financial organs and enterprises.

Comrade Chen Muhsu noted: In accordance with the tasks for economic development in 1987, the focal points of our work, the guiding principles for financial work, and requirements for implementing the policy on currency and credit, our banks must promote the following tasks:

First, we must actively coordinate with relevant departments in carrying out the drive to increase production and practice economy, and the drive to increase revenue and reduce expenditure. Within the financial system, we must also curb the inflated atmosphere and bring the inflated demand for funds under control. All specialized banks and all areas must make sure that enterprises and units speed up capital turnover and achieve a 2 to 3 percent reduction in fund applications, and set a deadline for enterprises and units to fulfill these tasks. If they fail to fulfill the tasks in the allotted time, specialized banks and areas must deduct or reduce loans for them accordingly.

Second, we must energetically raise funds, adopt various forms and methods, and try in every possible way to increase deposits, particularly urban and rural savings deposits and post office savings deposits. Regarding circulating funds, we must continue implementing the policy: The more deposits a bank receives, the more loans it can issue, and the less deposits it receives, the less loans it can issue.

Third, regarding the application of credit funds, we must pay equal attention to caution and flexibility, uphold the guiding principle for a stable currency, continue strengthening and improving macrocontrol, and control the money supply on the basis of economic growth. Regarding loans for fixed assets, we must map out mandatory plans, have the loans under strict control and set strict limits. Regarding acquisition of circulating funds through credits, we must extend such credits on the basis of the borrower's economic growth and reliable source of income. We must pay attention to having rational lending priorities, prevent rashly putting up big establishments or having wild schemes, and rationally apply our limited funds.

Fourth, we must strengthen the management of circulating funds and trust and investment business, and the unified management of foreign exchange and foreign debts. We must also strengthen auditing work.

Fifth, we must actively and steadily carry out reform of the financial system. In carrying out reform of the financial system this year, we must center on perfecting macroeconomic means for achieving adjustment and control and on opening up and developing money markets. In creating the conditions for banks to be run as enterprises, we must make some progress and enable our banks to do still better in serving the building of socialism with Chinese characteristics and the development of socialist economy.

#### UNAUTHORIZED PROJECTS IMPEDE ECONOMIC GROWTH

OW130211 Beijing XINHUA Domestic Service in Chinese 1251 GMT 12 Feb 87

[By Ge Daxing]

[Text] Beijing, 12 Feb (XINHUA) -- While controlling the scale of investment in fixed assets, China continued to upgrade the technology of existing enterprises in the first year of the Seventh 5-Year Plan. However, a salient problem caused by unauthorized capital construction projects that were carried out in the name of upgrading technology has seriously impeded China's expanded reproduction focused on qualitative economic growth.

According to the latest figures released by the State Statistical Bureau, last year China's state enterprises actually spent 60.09 billion yuan on technical transformation, or 18 billion yuan more than that allotted by the plan and a 33.3-percent increase over 1985. This growth rate is lower than the 45.2 percent of 1985 but higher than the investment growth rate of capital construction in 1986. Thus, of investments in fixed assets, the proportion of state enterprise investment in technical transformation rose from 26.7 percent in 1985 to 31.1 percent in 1986, which is also higher than the average 28 percent during the Sixth 5-Year Plan.

Of the investment in technical transformation of productive construction projects last year, the proportion was raised for those lowering material consumption, improving product quality, and increasing variety and design. During the year, some 84 million kwh of electricity; 500,000 metric tons of coal; 40,000 metric tons of fuel oil; and 4,000 metric tons of rolled steel were conserved, while fruitful achievements were made by various sectors of the national economy in increasing production capacity through technical transformation. A total of 42,460 technical transformation projects were completed and put into operation, and the percentage of projects completed and put into operation was 55 percent, the same as 1985. A state preferential policy enabled the first group of 585 large and medium-sized key enterprises to successively carry out major technical transformation.

Rationally accelerating the pace of technical transformation should be conducive to improving the overall efficiency of economic construction through full utilization of existing foundations. However, a salient problem arose last year. Owing to the state's tight control on the excessive scale of capital construction, especially nonproductive capital construction projects, quite a few localities, departments, and units defied the state plan and made their own arrangements, diverting funds for upgrading the technology to capital construction and continuing or launching new projects in the name of technical transformation. As a result of the increase in extrabudgetary investment in technical transformation and unauthorized technical transformation projects, the proportion of investment in nonproductive projects of total technical transformation investments exceeded 10 billion yuan last year, with a growth rate of nearly 50 percent. Even construction of a few new guesthouses and hotels was carried out under the name of technical transformation. In this way, funds and materials for upgrading technology, especially for projects requiring an investment of over 3 million yuan, were dispersed. According to reports, the number of major technical transformation projects completed and put into operation by China last year was fewer than that of 1985, and the major index of investment returns was lower than the average of the Sixth 5-Year Plan.

Statisticians and economists have emphatically pointed out that carrying out capital construction in the name of technical transformation, that is, extending the scale of investment without approval, has become a factor unfavorable to the long-term stable development of the Chinese economy and that it is necessary to arouse the concern of all quarters to overcome this shortcoming.

#### TIAN JIYUN SPEAKS ON ASSISTANCE TO POOR

OW110619 Beijing XINHUA Domestic Service in Chinese 1448 GMT 10 Feb 87

[Text] Beijing, 10 Feb (XINHUA) -- State Organs Should Play an Exemplary Leading Role in Helping Poor Areas Develop Their Economy

-- Speech by Vice Premier Tian Jiyun at the report-back meeting on state organs' work in providing aid to poor area (10 February 1987)

Comrades:

The State Science and Technology Commission, the Ministry of Commerce, the Ministry of Geology and Mineral Resources, and the State Planning Commission have reported on their work in assisting poor areas develop their economy. I think these four ministries and commissions have done their best to help poor areas through work in their respective fields, and each has produced its own characteristic achievements. In particular, the State Science and Technology Commission and the Ministry of Commerce have dispatched work groups for this purpose, with emphasis on coordinating the work of assisting the Taihang Shan and Yimeng Shan areas. They have a clear-cut principle and have worked in a down-to-earth way. The measures they have taken are effective, the methods appropriate, and the results successful. What they have done has provided experience and set an example for state organs to coordinate their work in assisting poor areas. Practice has proved that state organs' work to help poor areas is not only conducive to economic development and construction in these areas, but also enables the state organs themselves to better understand conditions in our country and the situation at the lower level. It also helps strengthen the state organs, improves their work style, and forges close ties between the party, cadres, and the masses. The importance of this work should be fully affirmed. We should continue to develop it in depth and try to achieve still better results. Now, I wish to offer a few opinions:

1. It is a glorious, bounden duty and historical mission for state organs to help poor areas free themselves from poverty and become prosperous.

Since the 3d Plenary Session of the 11th CPC Central Committee a profound historical change has taken place in the rural areas of our country, characterized by a rapid growth in the rural economy, and a marked improvement in peasants' living standards. Nonetheless, economic development is not uniform in all localities, due to historical, natural, and subjective reasons. Currently, there are still localities where productive forces are developing slowly, and no significant change has been made in the backward state of the economy and education. Some of the nation's rural population still earn low incomes, and some even have not completely solved food and clothing problems. Moreover, most of the present poverty-stricken areas are old revolutionary base and minority-inhabited areas. Today, China has become a vigorous, socialist country with the beginnings of economic prosperity, characterized by national unity and social stability. This is inseparably linked with past and present contributions by the people of the above areas. For this reason, the question of development of poor areas is a major economic and social question, deserving special attention in the process of our country's economic and social development. In our socialist construction and reform of our economic and political structures, we must uphold the four cardinal principles and keep to socialist orientation. The basic purpose of this is to develop social productive forces to make all people affluent and the whole country prosperous. We allow and encourage certain localities and people to become prosperous first. This is correct, and one of the aims in doing this is to lead other localities and masses to gradually achieve affluence. That is what we are saying, and also what we must do. Helping those living in poverty and difficulty, and assisting the masses in poor areas in solving their food and clothing problems, and then freeing themselves from poverty and becoming prosperous, is an important task in building our socialist material and spiritual civilizations. It is of far-reaching economic importance and vital political significance. The party Central Committee and the State Council are deeply concerned about and attach great importance to this. Last May, the State Council formed a Leading Group for Economic Development in Poor Areas and proposed attempts at a solution of the food and clothing problems for most people in poor areas during the Seventh 5-Year Plan.

In the meantime, the State Council decided that, while the amount of original funds used to help poor areas remain unchanged, a special interest-deducted loan be granted in the amount of 1 billion each year. In addition, state organs and people from all walks of life in society will be mobilized to show concern about, and support for, economic development and construction in poor areas and to fulfill their responsibilities for, and make contributions to, changing the backward state of these areas. In this regard, it is imperative for state organs to play an exemplary leading role.

2. There are primary tasks and basic requirements in assisting the development and construction of poor areas.

In recent years, especially since last year, we have further defined our principle and goal, and adjusted the policy of assistance to poor areas on the basis of summing up experience over the past 30 years or so and drawing lessons from this experience. Thanks to the efforts of all concerned, our work has made remarkable progress. The basic principle is to proceed with reform, focus attention on development, change the previous method of pure aid, and put into practice a new method of helping promote economic development. People from all walks of life in society should be mobilized, and all manpower, material, and financial resources should be pooled to change the state of poor areas, one group after another, with a target date set for each group. This is a significant, radical change. During the Seventh 5-Year Plan, the fundamental goal of economic development in poor areas is to place emphasis on solving the food and clothing problems for the majority of the masses in poor areas and, on this basis, help these areas create the initial ability to develop themselves and then gradually change their poor, difficult, and backward state, free themselves from poverty, and become better off. To achieve this goal, it is necessary to depend mainly on the self-reliance and arduous struggle of the vast numbers of cadres and masses, and fully arouse the initiative of the millions upon millions of peasants in poor areas to bring out the internal economic vitality of these areas. Also required are the assistance and support of people from all walks of life. Currently, all units, from the central authorities to those in various localities, including party and government organs at all levels, the PLA, many mass organizations, democratic parties, scientific research units, institutions of higher learning, as well as some big and medium cities and industrial and mining enterprises, have taken initial action to energetically support economic development in poor areas. The situation is very good. Confronted with such a situation, state organs should all the more march to the fore and make further efforts to beef up support and assistance for poor areas.

First, strive to accomplish some substantial, practical deeds to realize economic development in poor areas during the Seventh 5-Year Plan. We should be quite clear that assistance to the poor is not simply the work of the relief departments; it is the common task of all state organs, departments, and trades. Since poor areas have to start from a lower level of economic development and deal with many problems, there is a great deal the various departments can do. Poor areas should be helped to find a way to prosperity by proceeding from realities, not only by giving play to local advantages in resources, but also by taking into account the local level of economic and social development. Crop cultivation and livestock breeding are still the basic undertakings which every household in the poor areas can pursue to bring fast results. In many localities, besides finding opportunities to perform labor services, the objective is to develop animal husbandry to reap immediate benefits, while setting afforestation as a long-term task. In this respect, the departments of agriculture, animal husbandry, fishery, and forestry, will find that their support can be very useful. Economic development in the poor areas is not limited to agricultural development. Efforts should also be made to make full use of resources, both above and under ground, to develop industry, and to develop village and town enterprises and other nonagricultural production.

In this respect, the industrial departments will find that they can bring their superiority into play and extend their support. For example, they can help these areas use their mineral resources to develop mining and building material industries in a planned way, or their water resources to develop small hydroelectric power, aquatic production, and water transport. Results can be easily achieved by helping poor areas to develop industry, particularly village and town enterprises, cottage industry, and production of spare parts components. By contracting out production of a simple spare part or component, any plant can help a whole village develop its economy. By offering a single job, a whole household can be provided for. The main purpose of economic development here is to create or explore ways for peasants to diversify production and develop commodity economy as best they can. Commerce, foreign trade, and communications departments should work out ways to help poor areas solve commodity circulation and communications problems and create economic conditions that will help their transformation from self-sufficient production to commodity economy. Economic development should also be closely combined with intellectual development. In this respect, departments of culture, education, science and technology, and public health can do more than other departments. In addition, finance and banking departments should reform their methods of using state funds designated for poor areas and make every effort to administer and use the various aid-to-the-poor funds. The total amount of various funds currently being used for economic development is not small, but the methods of using them are improper. These methods fail to single out the key points and fall short of the desired results. In the future, all these funds must be used in a concentrated manner to help poor countries, to build key projects that are designed to solve shortages of food and clothing for people, and to develop the economy. It is, of course, necessary to make sure that these funds are used not only in a concentrated and more efficient manner but also help in giving scope to the initiative of the various departments. Some localities adopt the method of "unified planning and overall arrangements, directing the flow of funds through proper channels for the same purposes, and using the funds on key projects in a relatively concentrated manner." This is the recommended method. It is reported that in some localities such funds cannot be accumulated. Planning, finance, and banking departments should get involved and support these localities. In short, every department will find that there is something it can do. Every department should fulfill its responsibility and support the poor areas in developing their economy.

Second, the economic development of poor areas should be incorporated in a long-term plan. Economic development of the poor areas is an arduous, complicated, and long-term historical task. From what we can see now, it is possible to solve the food and clothing shortage for the majority of people after some years of concentrated efforts. However, long and hard struggle will be necessary if we want to enable the poor areas to completely lift themselves out of their state of backwardness. It is right for the poor areas to first concentrate their energy on solving the food and clothing problem by engaging in ordinary, short-term projects that produce quick results. But medium and long-term development plans should be formulated and medium and large key projects developed to enable the poor areas to totally free themselves from poverty and achieve prosperity. Therefore, when formulating their long-term development plans, the various departments must incorporate the economic development of the poor areas in these plans, regarding it as a component part of their plans. Recently the State Planning Commission has started to organize the concerned departments and localities to formulate a scientific and technical, economic, and social development plan for poor areas by the year 2000. This is a major measure of fundamental importance to enable poor areas to completely change their outlook, and a matter of far-reaching historical significance. It is hoped that all departments will actively coordinate their efforts to successfully carry out this work.

Third, lateral cooperation between the developed and poor areas should be actively promoted. The problem common to the poor areas is lack of information, talent, technology, funds, and managerial experience. For this reason, poor areas must first break out of their seclusion in developing their economy and pay attention to securing information, talented people, technology funds, and managerial experience from developed areas to speed up their own development. The various departments should act as go-betweeners in helping the poor areas to establish broad lateral relations of various types with developed areas, medium and large cities, scientific research units, universities, and secondary technical schools. This will promote not only the development of the poor areas but also the all-round and in-depth development of the work of the various departments. Of course, in carrying out lateral cooperation, it is necessary not only to display the spirit of helping the needy but also to practice the principle of mutual benefit in order to combine the development of the poor areas with that of the developed areas by way of mutual assistance for the sake of common development. Only by so doing will this cooperation be full of vigor and continue in depth.

3. Assistance to the poor areas in developing their economy may be varied in form but emphasis must be put on practical results.

The various departments under the state organs are not required to act in uniformity as far as the form of the assistance to poor areas is concerned. At present, this assistance comes generally in three forms. First, by sending economic development work teams to poor areas to help selected localities there eliminate poverty and attain prosperity. Second, by maintaining relatively stable relations with a selected locality in a poor area and periodically send representatives there to carry out study and provide the necessary assistance. Third, by proceeding from actual conditions in the departments themselves and doing practical and good deeds in a planned way for poor areas. The exact form of assistance to be adopted may be determined by the various departments on the basis of their respective characteristics. The general principle for economic development of the poor areas is unified planning, shared responsibility at the respective levels, and guidance given according to categories. As for scattered poor townships, they generally are the responsibility of the respective prefectures or counties. State organs and the various provincial, municipal, and autonomous regional organs will give their assistance mainly to those poor areas that are connected with each other. The ministries and state commissions, when conditions permit, should establish relations with selected localities to extend their concentrated assistance. It should be made clear that all assistance to poor areas must be practical with emphasis on actual results. Problems will not be solved simply by making a general appeal, such as by issuing a document or holding a meeting. It is detrimental to care only about appearance such as going after an undeserved reputation and maintaining a fancy facade. What we need is solid work. Regardless of how much or little we do, actual results must always be the first point of emphasis. In running various undertakings and carrying out economic development, poor areas must act according to their capabilities. It takes some time before a poor area can eliminate poverty. We must guard against rashness, against spoiling things by excessive enthusiasm, which is like helping shoots to grow by pulling them upward.

Comrades, this is the second year of the Seventh 5-Year Plan, and 1989 will mark the 40th anniversary of the founding of the PRC. We hope that great results will be achieved in solving food and clothing shortages for the majority of the people in the poor areas and that there will be further progress in other economic development undertakings when we celebrate the 40th founding anniversary of the country. I wish the state organs still greater progress, achievements, and contributions in their practical efforts to help the poor areas carry out economic development.

RENMIN RIBAO URGES HELP FOR POOR AREAS

HK121321 Beijing RENMIN RIBAO in Chinese 11 Feb 87 p 1

[Commentator's article: "Let the Whole Society Help the Poor Areas"]

[Text] With an active and enthusiastic attitude, the State Scientific and Technological Commission, the State Planning Commission, the Ministry of Commerce, and the Ministry of Geology and Mineral Resources have taken the lead in helping poor areas by directly sending exploitation work teams to especially help a vast poor area or, by mobilizing the forces of their own departments and systems to serve the poor areas in various ways and according to their own conditions. They have achieved some results and set a good example to state organs and all circles of society in helping the poor areas with their development. Their work is of great significance.

Helping the masses in the poor areas solve the problems of food and clothing in the course of economic development, and then helping them obtain the ability to develop by themselves and get rid of economic and cultural backwardness as soon as possible, is an important task for China in its economic and social development for a considerably long period in the future, as well as a prime issue for the whole party and whole country during the Seventh 5-Year Plan. The CPC Central Committee and the State Council have always paid serious attention to the problem of poor areas. Over the past few years, since the beginning of last year in particular, the state, while gradually increasing its material assistance to the poor areas, has explicitly called for changing the previous deconcentrated relief methods and adopting the new policy of economic development, so as to gradually solve the problem of food and clothing for most people in the poor areas during the Seventh 5-Year Plan and to attain the target of making the people gradually overcome poverty and become rich. Now, economic development in the poor areas has started in an all-round way. The economic development level of the poor areas is very low at present. To develop the economy under such conditions, the essential thing is that the vast number of cadres and masses in the poor areas must struggle and make strenuous efforts. Meanwhile, extensive support and vigorous assistance from all circles is urgently needed. When the conditions exist, party and government organs at all levels, PLA, mass organizations, scientific research units, colleges and universities, plants, mines, and enterprises must be mobilized to exert all their efforts in all fields to help the masses in the poor areas.

The practice of the State Scientific and Technological Commission and other departments over the past year proves that state organs establishing contacts with a vast poor area and sending personnel to poor and remote areas to share weal and woe with the masses there and to get rid of poverty, has not only given assistance to these areas but has also helped state organ cadres upgrade their quality, change their style. It has helped maintain close ties between the party and the masses, and between cadres and the masses, and helped promote the building of state organs. As conditions vary from one unit to another, it is therefore not necessary for every unit to send personnel to the poor areas. The units may adopt various and flexible methods. They may develop tiered lateral economic ties in helping the poor areas, or integrate economic development in poor areas with the development in their own areas and units, so as to promote each other and develop in coordination. Only with the assistance of this kind of lateral economic ties and of other forms, is it possible to more effectively concentrate the forces of all parts of society, and for the poor areas to develop in coordination with the whole national economy and make progress jointly.

With the joint efforts of the whole party and whole country, we will successfully fulfill the arduous and glorious task of developing the economy in the poor areas during the Seventh 5-Year Plan.

RENMIN RIBAO ON ENCOURAGING PEASANT ENTREPRENEURS

HK120404 Beijing RENMIN RIBAO in Chinese 10 Feb 87 p 2

[Article by Ma Encheng (7456 1869 2052): "Let a Large Number of Peasant Entrepreneurs Spring Up"]

[Text] Guangdong Province has recently commended 55 township and town entrepreneurs who have done well in promoting development, and advanced township and town enterprises. More and more peasant entrepreneurs have emerged in townships, towns, villages, households and enterprises linked with households. People have paid more and more attention to their position and role in the development of production and enlivening the economy.

Unlike model workers and good production hands in general, entrepreneurs are operators and organizers of the commodity economy. Self-sufficient natural economy can never give rise to entrepreneurs, and neither can the "product economy" characterized by rigid and excessive control. It is only commodity economy and market mechanisms which are the fertile soil for the growth of entrepreneurs. The educational level of many peasant entrepreneurs is not high, and they lack special training. However, the rural economic structural reform has created conditions for their growth. The rural reform has overcome the defect of eating from the same "big pot" in terms of the overconcentration of management and distribution. In addition, the opening up of the circulation field and the existence of market mechanisms have provided entrepreneurs with a scope for displaying their prowess.

Some qualifications are needed to become entrepreneurs. As organizers and commanders of the commodity economy, they must have a strong sense of commodity. First, they must have a concept of seeking economic and material interests. To promote commodity economy, one has to pay attention to input, output, results and business accounting. Only in so doing can one's enterprise increase its profits, expand its accumulation, raise the income of its workers and staff members, and make a greater contribution to the state and the collectives. Another important point in the sense of commodity is the spirit of development and blazing new trails. Commodity production must pass through market exchange, and the market is full of keen competition. Each and every enterprise enters the market on an equal footing, and must observe the principle of exchange of equal value. Those which have competitive power will earn the profits. Market competition and the practice of letting the best win and eliminating the worst are both pressure and driving power. All this has urged our entrepreneurs to constantly carry out reform, promote development and blaze new trails. With the spirit of development and blazing new trails, entrepreneurs will strengthen their concepts on information, science and technology, talented personnel, efficiency and cooperation. Yu Hua Industrial Company in Shunde County was an enterprise which could only manufacture 10-cun metal swinging electric fans, but the products were marketable. However, factory manager Ou Jianquan was determined to blaze new trails. Acting on feedback he drew from consumers, he was bold in importing advanced equipment and facilities. He manufactured the first desktop plastic revolving electric fan, and took the lead in occupying the market. His products were given provincial high quality product awards and classed as high quality products of the ministry concerned. [paragraph continues]

Over the past 2 years, the market for electric fans has become increasingly more saturated, and the competition among various factories has become more and more acute. However, the product quality of Ou's factory is good, and it has continuously manufactured new products such as Jiankang box fans, Jingli revolving fans, luxurious turning grill, shutter-type air-ejecting fans, and so on. The factory has always maintained its dominant position on the market. Last year, its production output value exceeded 100 million yuan, and it turned over tax and profits to the state amounting to over 10 million yuan.

Township and town enterprises in China are composed of various economic sectors, and follow various methods for business operation including enterprises run by individuals based on contracts, and private enterprises. However, as far as policy is concerned, they must pay attention to coordinating the relations among the state, enterprises, and individuals. They are allowed to seek economic interests, but, at the same time, they must observe discipline and law. We encourage some people to get rich first, but, at the same time, we advocate the path of common prosperity. In our country, "seeking profits" does not mean "forgetting all moral principles." On the contrary, the practice of many entrepreneurs has proved that only when enterprises and individuals have become rich can they turn over more tax and profits to the state and the collectives, and produce more products for society. Ou Yanqi, a peasant entrepreneur in Bopu Township of Wuchuan County, was the first to produce plastic shoes in the township. He is skilled, and good at manufacturing new products. In the meantime, he is happy to pass on his technical skill. Inspired by him, some 357 household shoe factories and joint household shoe factories have been set up in the township over the past few years. They produced 27 million pairs of shoes last year with production output value reaching more than 27 million yuan. This production brigade, which was characterized by "three reliances" and was previously unable to provide its members with sufficient food and clothing, has now become a specialized township in the country noted for its plastic shoe production. Last year, the tax turned over by it to the state accounted for one-quarter of the total tax turned over by township and town enterprises in Wuchuan County. Ou Yanqi has become rich as an individual, and the incomes of some 240 households in the whole township have each exceeded 10,000 yuan. Ou Yanqi has been praised by the masses, and has had the honor of being admitted into the party. He has also been elected people's deputy of the county.

Entrepreneurs are new people emerging amid the development of the socialist commodity economy. They need support and help in many respects from leaders at all levels. They should provide more conditions for entrepreneurs so that they can carry out reform. They should give more publicity to their spirit of working hard to start their enterprises, sum up their successful experiences, pay attention to enhancing their social status, and protect their legitimate rights and interests. Let more peasant entrepreneurs healthily grow in the great land of China!

#### IN-DEPTH DEVELOPMENT IN RURAL REFORM VIEWED

HK122200 Beijing BAN YUE TAN in Chinese No 1, 10 Jan 87 pp 25-27

[Article by Cao Shaoping (2580 4801 1627): "Rural Reform Is To Develop In-Depth"]

[Text] Beginning this year, rural reform in our country has entered into its ninth year. Many comrades have come to believe that the contradictions in the reform have been numerous and complex and are no longer in the former state of being easy to deal with. [paragraph continues]

What is the reason for this? It is principally because the reform has entered a new stage of development and new changes and special features have developed in its situation and tasks?

#### The Reform Emerges From Being a Mere Breakthrough to Intensification [subhead]

After 8 years of the reform our rural villages have achieved a development of a breakthrough nature: 1) It has broken through the old pattern of a collective economy featuring the people's communes and has formed a new pattern which has a cooperative economy as the main body with the coexistence of diversified economic constituents and diversified operational forms. 2) It has broken through the industrial structure of a unitary agricultural operational pattern and the demarcation between the city and the countryside, with the rural economy heading in the direction of joint operations and all-round development and a new period of the joint development of commodity economy between the cities and the countryside. 3) It has broken through the system of the state's unified levy and purchase of agricultural products, and broken through the old circulation structure and begun to set up a planned market structure. At present, a majority of agricultural products have basically enforced the system of market exchange while a minority of products such as grain have adhered to the "dual track" system calling for contractual fixed purchases along with market exchange. A multichannel and multilayer circulation structure has been initially formed. Markets for such essential factors of production as labor, capital, and technology have appeared in many localities. 4) It has accomplished a breakthrough in the planned management structure relying principally on administrative measures and has begun to employ the levers of price, taxation, credit and loan and legal statutes to regulate and control the economic activities and the market and this has been playing a daily increasing role in developing the rural economy. These changes illustrate that rural reform has been proceeding from a breakthrough stage to enter deeply into a new stage.

#### The Difficult and Complex In-Depth Struggles [subhead]

Rural reform is currently engaged in a difficult and complex in-depth struggle.

First, the new structure has just formed a bare outline and still needs further growth and development; the old structure, though broken through, still performs certain functions in many ways. This is because the new structure, which replaces the old structure, is based on the condition of a fully developed commodity economy. At present, in our rural areas, although the commodity economy has been developed to a certain extent, the basic pattern of a self-sufficient and semi-self-sufficient economy has not yet been basically changed. Hence the transition from the old to the new will be a prolonged and gradual process. Frictions and clashes of various kinds naturally cannot be avoided for some time. The phenomena of reversals, relapses, and irreconcilableness are bound to appear.

Second, an economic structure is, in reality, a sort of a composition of interests. To change the already established interest composition of the old structure inevitably causes different kinds of conflicts. For example, the system of unified levy and purchases, as a system of income distribution, has been closely woven into our country's existing price structure, salary and wages, relationships, and the circulation structure and is related to the interests of the producers, entrepreneurs, consumers, the state, and the localities. The large and many difficulties of the reform can be well imagined. [paragraph continues]

In addition, the reform cannot at the same time bring about immediate economic benefits to the various sides. Among the parties concerned, some have given their support, while some have voiced their opposition; some has shown enthusiasm, some, passiveness; some have even gone to the extent, in order to protect their own partial interests, of making the utmost efforts to preserve the old structure. All these have greatly added to the conflicts and contradictions and further increased the difficulties of the reform.

Third, the rural reform has extended to the various sectors of production, exchange, distribution, and consumption. It has merged with urban reform and must be in step with reforms of the cities and towns and they must supplement each other. Moreover, the development of rural reform required increased spending while readjusting the people's internal interest relationships also required financial outlays. This naturally has greatly increased the gravity of the difficulties in leadership, organization, and readjustment work. On the one hand, it is necessary to consider the interests of the various sides and their ability to bear the burden, necessary to prevent as much as possible disturbances to society, and to ensure the smooth progress of reform as well as the normal operations of the economy. On the other hand, it is necessary to enable the economy to maintain a definite growth rate for the sake of creating the conditions for the next step of the reform under the conditions of the nation's limited financial capability to have the two fully accomplished is by no means an easy task.

Fourth, the unbalanced state of the progress of the reform in the various localities and of the economic development of the localities and the economic structure having been daily more diversified have made the situation of the reform more complex. It is no longer possible to push forward the reform measures universally within a short period of time such as in the case of the "great contracting" campaign. At the moment, in determining the major points, steps, and methods of the reform and creatively proceeding with the work, the reform needs to be guided according to categories, starting everything from reality and suiting the measures to the local conditions.

All the above has determined that the reform will be prolonged, complex, and difficulties in character. In other words, the reform will no longer be like several years ago, able to proceed along a straight line or achieve some startling results. We should be ideologically fully prepared in this regard.

#### The Way Out Is Still in Firmly Insisting on the Reform [subhead]

The problems met with in the reform can only be solved by reform, and not so reform will bring about even more difficulties. From now on, the tasks will be to substantiate, supplement, consolidate, and improve the results already attained and to gradually raise the capability of the macroeconomic regulation and control, improve the organizational extent of the peasants and accelerate the growth of the new structure.

Around the above tasks, the various localities should all start from their own realities and perform well their jobs on various sides. For example, they should continue to reform the system of the unified levying and purchases, improve and perfect the agricultural products regulations mechanism, support and organize the peasants to go into the market, step up the reform of the state-run commerce and the support and marketing cooperatives, gradually set up a market structure that is under planned guidance and, paying close attention to perfecting the system of contractual practices, truly release the extra grain after the fixed levies and purchases. [paragraph continues]

Furthermore, they should actively develop diversified forms of merging funds, organize and guide the circulation of funds, technology and labor power among the different industries in different places, gradually open a market for the means of production; perfect the dual layer operation and cooperation system, stabilize the system of contracted responsibilities on the household basis, encourage the peasants, on the basis of operations by the households, to voluntarily form diversified kinds of economic combines, actively develop various forms of combines between industry, agriculture and commerce, between the cities and the countryside, and between different regions, continue the readjustment of the industrial structure, suit measures to local conditions in developing township and town enterprises, broaden the road to the shifting of agricultural labor power, grasp well and in a planned manner a number of reform pilot areas, and so on.

It is worthy to point out that certain regions and certain departments frequently have acted on the plea of the immature conditions and consciously or unconsciously strengthened the old structure and repressed the new structure. They have even inserted into the new methods, thus actually transforming the new structure and artificially increasing the friction between the old and the new, to the detriment of the new structure and increasing the difficulties of the reform. Our replacement of the old structure with the new calls for a prolonged and gradual process but this does not mean that in the course of the change we are powerless and must allow the process to drift along in its own way. On the contrary, actual work is required and conditions must be created for gradually strengthening the new structure, weakening the old structure and eventually replacing it with the new. If this objective is forgotten, rural work will miss its direction.

It is possible that from now on rural reform will still meet with some new and unexpected difficulties, but if only we can strongly rely on the millions of peasants, be adept in grasping the opportunities, and firmly and steadfastly carry on the reform, we can in the next 5 years or perhaps a longer time, substantiate the new structure and let it display its main guiding functions. By that time, the situation of the rural reform will have evolved with great changes and the development of the rural economy will be in a new high tide.

#### NONGMIN RIBAO CALLS FOR HARD WORK, FRUGALITY

HK130925 Beijing NONGMIN RIBAO in Chinese 4 Feb 87 p 1

[Commentator's article: "The Fine Tradition of Building Town and Township Enterprises Through Arduous Work Cannot Be Discarded"]

[Text] Some people have observed: Now that we are trying to develop a commodity economy in which both income and expenditure are enormous, we should not spend money as "sparingly" as we did in the past, and the time when we had to fight hard is now "over." Thus, in some parts of the country, it has become fashionable to treat people to dinners, tours, and deluxe entertainment, and to build halls, clubs, and other non-productive facilities. In some areas, the town and township enterprises do this at their own expense. In others, the county, district, and township authorities do so by exacting "charges" from the enterprises. This extravagant tendency is beginning to develop. It must be checked.

In developing a commodity economy, one cannot completely avoid contact with people from within or without. Town and township enterprises in particular have to independently find their own supply and marketing channels. [paragraph continues]

Thus, social intercourse is sometimes inevitable. However, if one is particular about luxury and class, always trying to outdo others in such matters, and spending money too freely by local economic standards, one has not only discarded the town and township enterprises' fine tradition of starting an undertaking through arduous work, but also directly undermined the development of both production and construction. What we are now trying to develop is a socialist commodity economy. It is guided by plans and conditioned by the market. Competition is intense in both the production and circulation spheres. An enterprise can survive only if its products are both cheap and good and it must seek development by unremittingly expanding reproduction. Extravagance can only lead to higher cost.

TRADITIONAL MEDICINE PRACTITIONER NAMED PLA ADVISER

OW120951 Beijing XINHUA in English 0849 GMT 12 Feb 87

[Text] Harbin, February 12 (XINHUA) — A practitioner of traditional Chinese medicine in northeast China has made history by becoming a high ranking medical adviser to the Chinese Armed Forces, officials at the provincial Public Health Bureau said today.

Zhao Xueming, 46, was invited last month by the medical section of the General Logistics Department of the Chinese People's Liberation Army to be its adviser after curing 90 percent of his patients suffering from psoriasis with a prescription handed down by his ancestors.

The chronic skin disease characterized by red patches and white scales is considered all but incurable by the medical world, the officials said.

Zhao, a graduate of a traditional Chinese medical school in this capital city of Heilongjiang Province, is the latest of 12 generations of his family involved in the development of the prescription, the officials said.

He has benefited from China's new policy of allowing more freedom to people in choosing jobs. In July 1985, he quit a local hospital and started his own clinic specializing in treating psoriasis.

Last May, Zhao helped a PLA hospital in Beijing open a psoriasis clinic. By December, the clinic had received 4,000 patients from the Chinese mainland, Hong Kong and Macao and the treatment was 98 percent effective.

General Han Guang, medical chief of the PLA General Logistics Department, personally examined Zhao's skills and knowledge and decided to invite him to be an adviser to his section, the highest medical authority for China's four million-strong Army.

ANHUI URGES STUDYING, IMPLEMENTING NPC DECISION

OW120847 Hefei Anhui Provincial Service in Mandarin 1200 GMT 10 Feb 87

[Station commentary: "Seriously Study and Thoroughly Implement the Decision of the NPC Standing Committee"]

[Text] The decision adopted by the 19th Session of the 6th NPC Standing Committee on strengthening education in the legal system to maintain stability and unity reiterates, in the first place, the four cardinal principles and expounds on a series of important provisions in our Constitution. It is a document of great importance. Seriously studying and thoroughly implementing this decision is of immediate vital importance and far-reaching significance in conducting the economic and political structural reforms under guidance and in a step-by-step planned way and making smooth progress in carrying out our socialist modernization program.

Seriously studying the NPC Standing Committee's decision is an important task of organs at all levels and the vast number of cadres, in particular the leading cadres. We must, through the study of this decision, achieve unified thinking and understanding, uphold the four cardinal principles self-consciously, maintain the dignity of the Constitution, and strive with one heart and one mind to fulfill the basic tasks and great goals set in the Constitution.

Giving extensive and intensive publicity to the NPC Standing Committee's decision is a central task of the present work to give the whole people an education in the Constitution. All localities should take the publicity of the NPC Standing Committee's decision and the education in the Constitution as the key part of their work to popularize legal knowledge this year. It is imperative to take positive measures, mobilize all propaganda media, and use all publicity methods to conduct propaganda and education in depth. All localities should see to it that the basic guidelines contained in the decision are known to all, that the four cardinal principles are deeply implanted in the hearts of the people, and that the Constitution is well-known to and grasped by the broad masses of people and becomes a sharp weapon for the struggle to realize their common ideals. The purpose of studying and publicizing the NPC Standing Committee's decision is to carry out its guidelines in every aspect, ensure the implementation of the Constitution and other laws, and make smooth progress in building socialism with Chinese characteristics and a high level of civilization and democracy.

To thoroughly implement the resolution is a long-term task. Earnest attention should be paid to the following:

1. We must take a clear-cut stand in upholding the four cardinal principles and opposing bourgeois liberalization. It was to negate the four cardinal principles that Fang Lizhi and the like went all out to spread the statements on bourgeois liberalization and advocate total Westernization. In no way should we be tolerant and lenient toward the ideological trend of bourgeois liberalization and let it go unchecked. We must wage a long-term struggle against this ideological trend and other erroneous thoughts.

2. We must take the initiative to maintain stability and unity. Socialist modernization requires a political climate of stability and unity. It is impossible to achieve modernization in a turbulent situation. The question of stability and unity concerns our overall situation and the fundamental interests of our country and people.

As such, we must pay attention to maintaining stability and unity at all times. We must say and do whatever is conducive to stability and unity and refrain from saying or doing anything harmful to stability and unity. As for those things that disrupt stability and unity, we should stop them immediately and struggle against them resolutely. We must act in this way so that the hard-won political situation of stability and unity will continue to be consolidated and developed.

3. We must adhere to the policies of conducting reforms, opening to the outside world, and enlivening the economy and make ceaseless efforts to promote the building of socialist material and spiritual civilizations. Upholding the four cardinal principles is in accord with persisting in conducting reforms, opening to the outside world, and enlivening the economy, and one cannot do without the other. Only by unswervingly doing both can we continue to improve our various socialist systems and ensure that our socialist modernization program has Chinese characteristics, is full of vigor and vitality, and continues to advance.

4. We must continue to strengthen the socialist democracy and the socialist legal system. Our country is a socialist state under the people's democratic dictatorship led by the working class and based on the alliance of workers and peasants. In our country, all power belongs to the people. Our citizens fully enjoy democracy, freedom, and other rights, while the state maintains social order. We must struggle against the hostile forces and elements at home and abroad that show hatred against and undermine the socialist system of our country. All these are explicitly stated in the Constitution and reiterated in the above decision. With the Constitution as the criterion, we must make all-out efforts to strengthen our socialist democracy and the socialist legal system, seriously study the Constitution and other laws, further beef up the work of the People's Congress, and perfect the election system and all other democratic systems so that our socialist democracy continues to develop and our socialist legal system becomes still better. This will effectively guarantee and promote the building of our socialist material and spiritual civilizations.

#### STATE TO INVEST IN SHANGHAI ENTERPRISES

OW091228 Beijing XINHUA in English 1210 GMT 9 Feb 87

[Text] Shanghai, February 9 (XINHUA) -- The state will invest tens of billions of yuan in the Shanghai economic area in the Seventh Five-Year Plan period (1986-90) to complete a number of large key enterprises and projects, according to the area's economic experts.

The investment includes seven billion yuan to expand the area's railways. The economic area is composed of Shanghai and five other provinces: Jiangsu, Zhejiang, Anhui, Jiangxi and Fujian.

This regional economic area has played an increasingly important role in the country's economic development. Last year its total regional income increased by nine percent over 1985 reaching [words indistinct] (57.78 billion U.S. dollars).

The area's annual industrial output value in the past two years had been one-third of the country's total.

According to Zhou Guangchun, an official of the region, the area wants to fully utilize its comprehensive advantages so that it becomes an important base of foreign trade.

In the past two years the area set up more than 300 large and medium-sized enterprises and companies.

Different parts of the area also jointly set up many factories and enterprises in provinces and cities where energy and raw material resources were richer.

The area is active in foreign trade. In 1985 it exported more than 6.9 billion U.S. dollars worth of goods, and last year Shanghai's port exported more than 3.5 billion U.S. dollars worth of goods.

#### OVERSEEING ORGANS DISBANDED IN SHANGHAI

OW090828 Beijing XINHUA in English 0815 GMT 9 Feb 87

[Text] Beijing, February 9 (XINHUA) — The Shanghai Municipal Government has disbanded 68 of the city's 77 industrial overseeing departments — administrative organs in essence — creating a better environment for local enterprises, the GUANGMING DAILY reported today.

These departments basically played a liaison role between factories and various bureaus. Seven of 68 were integrated with enterprises they served. The fate of the remaining nine departments is still under discussion due to their special characteristics, the paper reported.

Without the overseeing department, local factories now have more powers to decide how their products will be produced and marketed. Many enterprises have adopted new management methods and enhanced their cooperation with other industries.

In the textile industry, textile mills and garment factories joined forces and formed an economic giant to produce better products. Bicycle factories producing famous brands of "Forever" and "Phoenix" also combined into industrial groups with component suppliers.

Local factories have seen a remarkable decrease in bureaucracy as the numbers of documents, meetings and inspections ordered by the overseeing departments have been eliminated or reduced, said the paper.

#### ZHEJIANG CIRCULAR URGES STABLE GRAIN ACREAGE

OW121317 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 10 Feb 87

[Text] The provincial government recently issued an emergency circular urging localities to stabilize grain acreage by resolutely banning growing citrus fruits or digging ponds to raise fish or cultured pearls on good farmland.

The circular urges localities to earnestly organize people to study and publicize PRC's Land Management Law and the Zhejiang Provincial Regulations Governing Land Management, fully utilize all forms of propaganda to educate people and cadre in cherishing and protecting farmland, and make land management regulations known to all.

The circular says: All localities should immediately make arrangements for an inspection and firmly ban raising fish or producing cultured pearls, growing such perennial crops as citrus fruits, or building housing on good farmland. We must do ideological work well and return all the land to farming that can be returned for growing grain.

The circular points out: In readjusting the rural set-up of production, we must arrange the use of land in accordance with local conditions. In developing freshwater fish farming or cultured pearl production, we should make use of rivers and other available water areas. In growing perennial cash crops, we should make use of low-lying hillocks, gentle slopes, and undeveloped lands and beaches. We must not allow these crops to encroach upon good farmland.

The circular stresses: Those who continue to abuse good farmland will be dealt with sternly. Leadership that has failed to effectively check land abuse will be held to account.

#### Measures To Boost Grain Yields

OW111425 Beijing XINHUA Domestic Service in Chinese 0016 GMT 10 Feb 87

[By reporter Yu Yunfa]

[Excerpts] Hangzhou, 10 Feb (XINHUA) -- Zhejiang Province has adopted less expensive but more effective measures to increase grain production in order to reverse the situation where grain output dropped continuously for 2 years, and to achieve a bumper harvest of grain crops this year.

Zhejiang Province is one of China's provinces with high grain output. The average per mu yield of grain has reached 750 kilograms. In recent years, the province has witnessed sustained and steady growth in its rural economy. However, its total grain output dropped continuously for 2 years. The average per capita amount of grain in the province dropped from 400 kilograms several years ago to 388 kilograms. In order to reverse this situation, Zhejiang Province decided to adopt effective measures to increase grain production without spending too much state money. Those measures will really benefit the grain-producing peasants. On the basis of its investigations and surveys and the views of the experts, the provincial government has mapped out the following four measures for increasing grain production.

-- Try one thousand and one ways to maintain the area of farmland cultivated with grain crops. [passage omitted] This year, Zhejiang expects to grow 49.06 million mu of grain crops, an increase of 1.61 million mu over 1985. Right now, the area of farmland cultivated with spring grain crops is already 805,000 mu more than last year.

-- Try to raise per mu yield by using improved seeds. [passage omitted] Late and early improved rice seeds will be used in 11.72 million mu of paddy rice fields, an increase of more than 4 million mu over last year. In order to encourage peasants to promote the use of improved seeds, the various localities in rural Zhejiang have utilized funds provided by township enterprises to popularize the use of improved seeds so as to firmly implement this measure to increase grain production.

-- Strive to tap the potential to increase grain production in low-yielding farmland. Between last winter and this spring, Zhejiang had used a subsidy from the state and manpower provided by the local peasant households to transform 500,000 mu of low-yield farmland in 22 counties throughout the province in a planned way. This project of transforming the low-yield farmland is expected to be completed prior to spring plowing.

-- Vigorously promote the use of cultivation techniques for high yield -- an achievement in agricultural scientific research. [passage omitted] The province will help defray the expenses for the purchase of improved seeds and fertilizer and for the hiring of agrotechnicians in this connection.

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GUANGDONG CYL CIRCULAR ON LEGAL SYSTEM EDUCATION

HK121525 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 11 Feb 87

[Text] According to a report filed by this station's reporters and correspondents, the party committee of the organ of the provincial CYL Committee has issued a circular calling on all party branches to conscientiously study the NPC Standing Committee's resolution on strengthening education in the legal system and safeguarding stability and unity, to take the lead in studying and observing laws, and to set examples for CYL cadres, CYL members, youths, and students throughout the province. Over the past few days, cadres of the organs of the provincial CYL Committee have conscientiously studied the resolution and conducted serious discussion on conscientiously strengthening the sense of the legal system, on establishing the sense of being citizens, and on leading the whole province's CYL members, youths, and students to study and observe laws. They are determined to make sure that basic-level CYL organizations will conduct education in the legal system with the study of the Constitution as the core.

POLICE LIAISON OFFICE OPENS IN GUANGDONG

OW081242 Beijing XINHUA in English 1202 GMT 8 Feb 87

[Text] Beijing, February 8 (XINHUA) -- The China Central Bureau of the International Criminal Police Organization (ICPO) has opened a liaison office in South China's Guangdong Province to facilitate cooperation with the organization.

The OVERSEAS EDITION of today's "PEOPLE'S DAILY" said that the office is in the same building with the Guangdong Provincial Police Bureau in the provincial capital of Guangzhou.

The paper quoted an official as saying that the office will help step up cooperation between ICPO members, particularly between policemen in Guangdong and Hong Kong.

GUANGDONG CIRCULAR ON SCIENCE, TECHNOLOGY REFORM

HK091012 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 8 Feb 87

[Text] The provincial party committee and government recently issued a circular regarding provisional regulations on science and technology reform.

The circular stipulates: Scientific research institutes directly under the central and provincial governments, and development-oriented scientific research offices in colleges and universities, are encouraged to establish, in accordance with the principles of voluntary participation and mutual benefit, different types of association with state-run, collective, and township enterprises. Scientific and technical personnel from different types of scientific research institutions are encouraged to, collectively or individually, contract projects arranged by the province, cities, prefectures, and counties according to the spark plan. Some scientific and technical personnel, including the retired, are encouraged to leave their present posts by being temporarily transferred, or resigning their posts, to go to towns and rural areas in order to contract leased enterprises or to set up different types of organizations for promoting technological development, service and trade.

Scientific and technical personnel who contract enterprises or engage in technological development, service, and trade in the old liberated areas, minority areas, mountain areas, remote areas, and poverty-stricken areas, are to be given preferential treatment. Policies on the technology trade are to be relaxed so as to enliven the technology market. Preferential policies are to be applied to those popularizing the results of scientific and technological research, and those commercializing technology. Scientific research institutes are assured of decisionmaking power in personnel, management, and asset control, and are encouraged to promote scientific and technological cooperation, exchange with other countries, and the export of technology. Policies are relaxed regarding sending scientific technical personnel to make investigations abroad and to promote scientific and technological exchanges.

#### HENAN RIBAO VIEWS FIGHTING BOURGEOIS LIBERALISM

HK090835 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 8 Feb 87

[Text] HENAN RIBAO today frontpages a commentator's article entitled: Be a New Generation of Young People With Four Qualities.

The article says: The crux of advocating bourgeois liberalization practiced by Fang Lizhi, Wang Ruowang, and Liu Binyan lies in negating the socialist system, favoring wholesale Westernization, and introducing the capitalist system, all of which aim at denying the leadership of the Communist Party. They also pinned their hopes on intellectuals, especially on young intellectuals, advocating that young students should have so-called independent thinking and consciousness to display their strength. Therefore, the struggle against bourgeois liberalization has a direct bearing on whether the line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee will be continuously applied in a correct way and on the success or failure of our reform and opening up. At the same time, it also has a direct bearing on what kind of new generation will carry on our cause, on the fate of the party and the state, and on the future of our socialist cause. Achieving the four modernizations and building socialism with Chinese characteristics are the common ideals cherished by the people of all nationalities at the present stage. For communists, this is also the road they must follow to realize their highest ideal of transition toward the communist society characterized by the principle of: From each according to his ability, to each according to his needs. Wang Ruowang, Fang Lizhi, Liu Binyan, and some others once vowed to fight for the highest ideal, but now they say: As a matter of fact, we do not so far have any orthodox or unorthodox theory that can explain what our future on earth will be. When some people said that a more reasonable and just society might not be our desired socialism and communism, they appreciated this point of view. This full demonstrates that they have openly betrayed communism by their words and deeds. Their public speeches made in their capacity as scholars, experts, professors, and veteran party members, no doubt, confused and poisoned the minds of inexperienced and young people to a great extent, thus seriously harming the cause of our party. This is, undoubtedly, not permitted by party discipline.

Young students of our time are newborn sons and daughters of New China. Confused by proponents of bourgeois liberalization, some young students could not keep sober-minded in the once-overflowing erroneous ideological trend and took part in some drastic activities. However, if they come to understand what they did and correct it, they will be cordially welcomed by the people. The thing is that they must draw lessons in earnest. Do the young people now like to talk about rethinking?

It is hoped that these students will deeply rethink the struggle against bourgeois liberalization and why they failed to distinguish between right and wrong in those beautiful words, why they flowed with the stream after people with ulterior motives, why they did something saddening our own people and gladdening the enemy, and what are our political and ideological weak points employed by Fang Lizhi, Wang Ruowang, and other people to peddle their evil plots. The party and the people place high hopes in the young people that they will know how to study in social practice and work hard to integrate basic Marxist theory and modern scientific and cultural knowledge with the practice of China's socialist modernization, that they will become a new generation of young people with four qualities, and that the young people will be able to successfully resist and fight the ideological trend of bourgeois liberalization. We are convinced that all young students will prove themselves with deeds to be worthy of carrying heavy historical responsibility through thick and thin.

#### HUBEI'S GUAN GUANGFU ADDRESSES REFORM MEETING

HK121456 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 11 Feb 87

[By station reporter (Wang Guoqun)]

[Excerpts] A meeting to commend members of CPPCC committees at all levels and other personages in Hubei Province who have made contributions to promoting reform and construction was solemnly opened in Wuchang. [passage omitted]

Li Wei, chairman of the provincial CPPCC Committee, presided over the meeting. [passage omitted]

In his speech at the meeting, provincial party committee Secretary Guan Guangfu fully affirmed the important contributions made by CPPCC committees at all levels and other personages in our province during the building of socialist modernization. After giving a brief report on the current economic and political situations in Hubei Province, Guan Guangfu expressed the following four expectations of united front work departments and CPPCC committees:

First, they must comprehensively and correctly implement the line, guiding principles and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee, uphold the four cardinal principles, and persist in promoting reform, opening up, and reinvigoration.

Second, they must further give play to their functional roles in promoting political consultations and democratic supervision, and perfect the system of multiparty cooperation under the leadership of the CPC.

Third, they must further give play to the overall role played by CPPCC committees in stocking all types of qualified personnel. [passage omitted]

Fourth, they must further give play to the role of a bridge played by CPPCC committees in establishing friendly contacts with our compatriots in Taiwan, Hong Kong, and Macao, and with Chinese nationals residing abroad. [passage omitted]

Guan Guangfu stressed in conclusion that party committees at all levels must pay attention to strengthening and improving their leadership over work concerning CPPCC committees. [passage omitted]

The following leading comrades of the provincial party, government, and military organizations also attended the meeting: Zhao Fulin, Li Fuquan, Tao Shuzeng, Tang Zhe, Han Nanpeng, Chen Ming, Wang Shen, Mu Changsheng, Hu Hengshan, Xiao Zuolin, Rao Qinzhi, Dong Yusen, Sun Yaohua, Mao Gengsu, and Tang Zhenzheng. Also sitting on the rostrum were: Han Ningfu, a member of the Central Advisory Commission; (Shi Zhirong), Xie Wei, (Zhou Jifang), (Xu Jinbiao), Tao Yang, Xin Fu, and responsible comrades of all democratic parties and mass organizations.

HUNAN PARTY FIGHTS BOURGEOIS LIBERALISM

HK120505 Beijing RENMIN RIBAO in Chinese 10 Feb 87 p 1

[Report by correspondent Wu Xinghua (0702 5281 5478): "The Hunan Provincial CPC Committee Calls on Party Organizations at Various Levels To Improve Their Work in Four Areas While Combating Bourgeois Liberalization"]

[Text] The Hunan Provincial CPC Committee urged party organizations at all levels to effectively improve their work in various quarters while opposing the ideological trend of bourgeois liberalization.

On 3-7 February, the Hunan Provincial CPC Committee held a meeting of principal responsible party cadres of prefectures, autonomous prefectures, cities, and departments and bureaus under the direct jurisdiction of the provincial government to study and make arrangements for the important work of curbing overspending, boosting revenues and cutting down expenses, and increasing production and practicing economy in the economic sphere, and of opposing the ideological trend of bourgeois liberalization. The provincial party committee urged leaders at various levels to effectively and conscientiously improve their work in all quarters while opposing the ideological trend of bourgeois liberalization. The committee held: We should boldly and forcefully criticize any erroneous statements defaming and attacking the party. We must stand firm on this matter. However, it must be noticed that on no account must we neglect the shortcomings in our work just because we want to strike counterblows at the attacks launched by a small number of people; we must not shut our eyes to the existing problems just because we want to give publicly to the fine situation since the 3d Plenary Session of the 11th CPC Central Committee; and still less must we suppress the masses' criticism of our shortcomings and errors on the excuse of opposing bourgeois liberalization. The provincial party committee urged leading comrades at various levels to sum up experience, to see if there are inadequacies in their work, especially leadership work, and then to take measures to solve whatever problems, if any, by suiting the remedy to the case. The committee encouraged leaders at all levels to improve their work starting mainly with the following four tasks:

1. Particular efforts should be devoted to conducting education in party spirit among the vast numbers of party members. It is necessary to encourage party members throughout the province to restudy the party Constitution, reeducate themselves, and to conduct self-criticism and criticism among themselves through regular party activities. It is also necessary to teach all party members to willingly abide by the party Constitution, to rigorously enforce party discipline, and to keep in line ideologically and politically with the central authorities.

2. Continued efforts should be made to curb unhealthy tendencies. The notions of selflessness, plain living, and hard struggle, and of building the country through hard work and thrift should be encouraged among all the people, with party members, leading departments, and particularly leading party cadres taking the lead. [paragraph continues]

Party organizations at various levels should continue to pay close attention to improvement of party style and to take feasible measures to solve the outstanding problems in party style of their specific localities and units. It is necessary to take the initiative in investigating and handling the cases of seeking private gain by abusing the power in one's hands and violating the law and discipline.

3. Efforts should be made to combat bureaucracy and to do solid work and good things conscientiously for the masses. It is necessary to persistently go deep among the masses and maintain links with them, to energetically encourage the practice of conducting investigations and studies, and to promptly discover and solve the problems of immediate concern to the masses. Currently, particular importance should be attached to the problem of prices.

4. Vigorous efforts should be made to accelerate socialist democracy and the building of the legal system. It is necessary to develop democracy in various fields of social life and to promote the building of socialist democratic politics. But "extensive democracy" should be opposed. We should further strengthen the people's democratic dictatorship, make unremitting efforts to improve social order, and uphold political stability and unity.

#### HUNAN ISSUES CALL ON PRODUCTION, ECONOMY DRIVE

HK120833 Changsha Hunan Provincial Service in Mandarin 2300 GMT 11 Feb 87

[Text] On 11 February the provincial Economic Commission sent telegrams to all prefectural and city economic commissions and all provincial departments and bureaus related to industrial and communications production, demanding that the vast number of staff and workers on the industrial and communications front act in accordance with the arrangements made by the central leadership, treat the drive to increase production and practice economy and increase revenue and reduce expenditure as a central task for this year's economic work, go into action immediately, and grasp it properly and firmly.

In the drive to increase revenue and reduce expenditure, our guiding thoughts should be centered on improving the economic results of enterprises, on upgrading the quality of our products, and on cutting down material consumption. Our products must be marketable and it is necessary to arrange production according to the needs of the market. We must refrain from paying more attention to a high growth rate and less attention to economic results, and more attention to quantity and less attention to quality. In particular, we must control excessive economic activity, resolutely curb the malpractice of seeking luxury, oppose waste and extravagance, and reduce all expenditure so as to reduce annual material consumption and costs by 2 percent each.

The telegram demanded that all localities work out plans for increasing production and practicing economy for their own areas, and for trades to implement the plans in all enterprises.

#### BRIEFS

HUBEI INDUSTRY -- The province's industrial and communications production developed steadily and harmoniously in January. The province's industrial output value for January amounted to 3.75 billion yuan, an increase of 8.8 percent over the same period last year. [Summary] [Wuhan Hubei Provincial Service in Mandarin 1000 GMT 7 Feb 87 HK]

SICHUAN'S CHONGQING DEVELOPED 1986 ECONOMIC REFORM

HK130801 Chongqing CHONGQING RIBAO in Chinese 27 Jan 87 p 1

[Report: "Chongqing's Economic Structural Reforms Developed in Depth Last Year" -- first three paragraphs published in italics]

[Text] With the approach of the Chinese lunar new year, spring is very much in the air. This is precisely the time to review the past and look forward to the future.

The year 1986 was one in which Chongqing forged ahead in reform and achieved remarkable success. Under the guiding ideology of "bringing forth new ideas, deepening reform, carrying out corresponding reforms in an all-round way, and substituting a new system for the old one" put forward by the city party committee, the reform of enterprises has developed constantly, new headway has been made in the reform in various fields, and the reform of the whole city has gone full steam ahead. We are certain of the orientation and targets of reform and we now have a clear train of thought and steady measures for the reform.

We should strive forward in reform in the new year. Our work and tasks ahead are arduous. We should earnestly sum up the experience of Chongqing's reform carried out in 1986, affirm the achievements, discover the shortcomings, further enhance our sense of reform, and develop Chongqing's reform in depth. Leading cadres in particular should play an exemplary role in reform, consciously give prominence to reform, promote economic development and construction with reform, have the courage to make explorations and forge ahead, undertake the responsibility of an experimental reform city, and score successes in both reform and economic construction this year.

New Progress Made in Reform of the Labor and Wage System [subhead]

To further harmonize the relations between the state and enterprises, in 1986, Chongqing, in accordance with the characteristics of different trades and enterprises, tried out the system of linking total wages to nine forms of distribution, including delivery of taxes and profits to the state, sales volume, and production costs; improved and strengthened the economic and social regulation of distribution within enterprises, closely linked wages with the economic responsibility system, implemented 16 methods of distribution, including payment linked to output, payment calculated according to the output value of commodities, and floating wages, and linked bonuses, floating wages, and part of basic wages with the labor achievements of workers, which, as a result, aroused their initiative.

In accordance with the "Provisional Regulations of the State Council on Implementation of the Labor Contract System in State Enterprises," in 1986 state enterprises in Chongqing recruited contract workers. Corresponding to the reform of the labor system, Chongqing carried out reform of the social labor insurance system, which provided social insurance to contract workers and also pensions to the retired workers of state enterprises in Shapingba and downtown Chongqing.

The labor market is one of the fields for the operation of a planned commodity economy. [paragraph continues]

In 1986, apart from perfecting the labor market, including the centers for the exchange of technical workers and talented people and the domestic helper company, centers for the exchange of technical workers were also set up in Jiangbei District and the machine-building bureau, which played a positive role in invigorating labor management, tapping the latent power of technology, using qualified personnel rationally, and promoting production.

#### The Reform of the Financial System and Stimulation of the Capital Market [subhead]

Reform the vertical financial management system, establish multilevel and diversified financial networks, and expand the radiation force of financial centers. In 1986, the banks in Chongqing signed agreements with the banks of 14 provinces and autonomous regions and 43 cities on accommodating funds, clearing up arrears of payments, and granting loans. As a result, a large-scale network of financial cooperation took shape. Chongqing also established borrowing and lending markets at all levels. Capital transactions within the city and between Chongqing and units of other provinces and cities in 1986 totaled around 3 billion yuan.

Reform the outdated financial system and develop diversified financial organizations. In 1986, Chongqing set up 14 joint stock credit cooperatives, which carried out independent operation and accounting and assumed sole responsibility for their profits and losses, and established 33 savings offices run jointly by banks and 54 savings centers run by post offices. Financial mutual aid groups developed gradually and a new financial network took shape. There were 1,622 different kinds of financial organizations and centers throughout the city, 141 more than the previous year.

Reform the unitary means of credit, offer more credit services and means, and promote the formation of bill and long-term capital markets. Bank savings in the city increased by 1.39 billion yuan, an increase of 1.03 billion yuan or 285 percent over 1985, higher than the average growth for the nation.

Reform the capital management method, expand the exchange of bills, and speed up capital turnover. With 104 financial organizations engaged in clearing, average daily transactions totaled 80 million yuan.

Give full play to the role of credit and interest rates as levers and increase the efficiency of funds.

Reform the rural credit cooperative organizations and support rural economic development. Since 1985, the Agricultural Bank has vigorously supported rural economic development by helping the rural credit cooperatives carry out reform of their management system.

Specialized banks have taken new steps toward operating as enterprises. Last year, the Industrial and Commercial Bank implemented the economic contract system in its 26 branches in various prefectures and counties, aroused the initiative of workers by assessing various quotas, achieved remarkable socioeconomic results, and made beneficial explorations for the group development of the specialized banks.

#### Gratifying Situation in Lateral Ties [subhead]

Chongqing vigorously developed lateral economic ties and achieved marked progress and results in 1986. During the year, Chongqing signed 934 agreements on economic cooperation with other provinces and regions, a 108 percent increase over 1985. [paragraph continues]

Of these, 693 projects, or 74.2 percent of the agreements signed, were fulfilled. Through cooperation, Chongqing attracted investment totaling 110 million yuan from other localities, a 61 percent increase over 1985. Chongqing's cooperation with other localities in materials involved 740 million yuan, an increase of 196 percent over the previous year. The efforts made in this field provided Chongqing with large amounts of rolled steel, pig iron, sodium carbonate, crude oil, and other sought-after materials.

The lateral economic ties and cooperation increased the attraction and radiation of Chongqing as a key city in the southwest and the upper reaches of the Chang Jiang. In 1986, Chongqing developed 210 projects in cooperation with Yunnan, Guizhou, Guangxi, and other localities within Sichuan. Headway was made in Chongqing's economic cooperation with the key cities along the banks of the Chang Jiang. Chongqing carried out 41 economic and technological projects with Shanghai, Nanjing, and Wuhan, thus laying a solid foundation for the further development of the Chang Jiang Valley.

The flourishing lateral economic ties invigorated enterprises and revitalized the urban economy. By the end of 1986, there were 376 economic combines throughout the city, with the participation of around 4,000 enterprises. During the year, the various combines created an output value of 1.3 billion yuan and profits and taxes of 120 million yuan. A number of groups and enterprise clusters, including the Tianfu Cola Beverage Co. and the Chongqing Packing and Printing Co. Ltd., emerged through the establishment of lateral economic ties. Economic combines have now become a new force for revitalizing the urban economy. The integration of scientific research and production was also accelerated. The city had 198 scientific research-production combines.

#### New Steps Taken in Reform, Unhindered Circulation of Commodities [subhead]

On the basis of continuously developing multichannel circulation and encouraging the initiative of the state, the collective, and the individual, Chongqing's commercial enterprises carried out reform in light of the principle of "allowing flexibility in small enterprises, invigorating large ones, transforming the old, and developing the new." More than 1,100 small-sized state commercial and catering enterprises were leased to collectives for operation. With the implementation of the corresponding reform measures, these enterprises were further consolidated and they attained better economic and social results.

In 1986, the state-owned large and medium commercial enterprises and the supply and marketing cooperatives reformed the operation and management mechanism and developed the strong points of lateral economic ties. In accordance with the principles of voluntary participation, equality, and mutual benefit, and commercial department and its affiliated organizations set up 525 new combines characterized by the integration of industry with commerce, agriculture with industry that transcended regions, departments, trades, and ownership. These combines played a positive, stimulating role in increasing efficiency, pushing the development of key industries and famous brand quality products, removing the barriers erected between departments and regions, and effecting a change in the government's functions.

The key to the reform of the circulation system of the means of production lies in the development of a market for the means of production. In 1986, a market was set up in Chongqing for rolled steel not covered by the state plan. By applying economic means, more than 30,000 tons of rolled steel were put on the market from enterprises' warehouses and transactions were carried out for some 6,000 tons. [paragraph continues]

In September 1986, brokering activities were tried out in the Chongqing Center for Manufactured Goods, the County Fair Trade Center, and the Material Exchange Center. Through the activities of brokers, which lasted for 3 months or so, the volume of trade in over 20 kinds of means of production and livelihood totaled 17.97 million yuan. These activities played the supplementary role of supplying one's needs with another's surpluses, promoting production, and accelerating the circulation of commodities.

#### Extend the Management Competence and Increase the Overall Economic Ability of Prefectures and Counties [subhead]

In 1986, the city party committee and government adopted a decision on strengthening the responsibility of prefectures and counties for the economy as a whole, which extended the economic management competence of the prefectures and counties. Meanwhile, overall structural reform was tried out in downtown Chongqing, Beibei District, Baxian, Hechuan, Yongchuan, and Changshou. The city authorities adopted some preferential policies to help the counties undergoing experimentation develop their economy. The 333 new projects involved an investment of around 400 million yuan. The projects, after completion, will increase output value by over 800 million yuan. The explorations made in the reform of the commercial and neighborhood systems produced certain results. The prefectures and counties undergoing reform experiments made great progress in the reform of the financial systems and opened up short-term capital markets. Through accommodating funds in the first half of the year, a total of around 70 million yuan was invested in enterprises.

Economic cooperation between urban and rural areas developed rapidly. In May 1986, Chongqing was repeatedly hit by serious natural disasters. The city party committee and government mobilized various units to support the disaster areas and guided such support toward regular and frequent economic cooperation. Consequently, more than 200 agreements were signed between urban units and the afflicted areas. Headway was also made in the cooperation between urban and rural enterprises. The township enterprises reached new agreements with urban enterprises on more than 70 projects and the annual output value totaled over 80 million yuan.

#### Transform the Administrative Functions, Make Management Serve the Grass-Roots Levels [subhead]

Last year, the departments responsible for economic work separated the functions of the administrative organs from those of enterprises, reformed the leading organs from within, and transformed the management functions. Instead of exercising direct management over the production and operation of the enterprises directly under its jurisdiction, the city building management bureau exercised management over the building industry on behalf of the city government. The quality of construction projects, the market for the building industry, and the examination of the qualifications of construction teams were all put under unified control, which gave proper play to the roles of management and service, increased the number of public bids for construction projects, improved the quality of construction, and shortened construction periods. The city machine-building bureau carried out the reform of functional transformation with structural readjustment, established a new organ suited to trade management to replace the old one, and made preparations and set up professional means of production, technical equipment leasing, and capital markets to serve enterprises. Meanwhile, new fields for trade management were opened up through working out plans, fixing prices, quality inspection, establishing information networks, and other forms.

The government departments transformed the outdated administrative management methods, vigorously adopted economic policies and made the most of various levers, and improved the means of control over economic operation. As a result, the mandatory targets for industrial production, purchase of commodities, and distribution of materials were reduced by a big margin.

The relevant government departments did everything possible to promote lateral economic ties. The departments in charge of industry, communications, and urban construction work cooperated with the industrial and commercial administration, pricing, and information departments as well as the party and government departments. The number of regional and trade coordination organizations organized by Chongqing increased from 37 in 1985 to 53 in 1986.

To protect and promote reform, Chongqing gave full play to the role of indirect control of legal means, which accelerated the work of enacting local economic laws and regulations.

#### A New Situation Has Emerged in the Reform of Foreign Economic Relations and Trade [subhead]

Chongqing's foreign trade departments and organizations broke down the barriers erected between regions and departments and took the road of integrating trade with industry. Following the transformation of the silk company into an export-oriented enterprise, the company increased its output value, profits, and foreign exchange by 11 percent, 12 percent, and 26 percent, respectively.

Carry out lateral economic ties and develop export in coordination. Chongqing established relations with the foreign trade departments of Shanghai, Tianjin, Shandong, and Guangdong on jointly developing exports, set up a southwest canned products export combine, developed lateral ties with Shanghai's economic and trade committee, widened export channels, and thus put an end to the previous state of limited regional export.

Develop new products and support, assist, and consolidate the export bases. With the foreign trade advantages, Chongqing supported the technical transformation projects involving 17 export goods.

Strive to improve the investment environment and properly use foreign capital. Chongqing's relevant departments promulgated and are now enacting a series of policies and regulations to improve the city's investment environment. As a result, a "climate" has been created for foreign businessmen to make investments in Chongqing. These are the favorable conditions created to further attract and use foreign capital.

#### Reform the Operation and Management Mechanism and Invigorate Enterprises [subhead]

In 1986, Chongqing's 460 enterprises tried out the system of factory directors (managers) assuming sole responsibility, defined the important status of directors (managers) in enterprises, and further extended the decisionmaking power of enterprises in operation and management. On the basis of perfecting the economic responsibility system within enterprises, the system of "retention of profits after overfulfilling the targets" was tried out in 13 state enterprises. In the latter half of 1986, Chongqing made remarkable progress in transforming the microlevel mechanism of enterprises. During the year, 19 large and medium state enterprises tried out the system of economic responsibility for assets, which was of great significance in enhancing the duties, rights, and benefits of operators, forming a contingent of entrepreneurs, and promoting rationalization of enterprise behavior.

On the basis of continuously perfecting the leased operation by small state commercial enterprises, Chongqing's leased business developed last year from commerce to industry, from small to large enterprises, and from the collective to ownership by the whole people. More than 20 industrial enterprises carried out leased operations one after another and chose the leaseholders through competition. There were various forms of leased businesses carried out by the individual and collective sectors.

Joint stock economy developed rapidly. According to statistics, there were 17,000 joint stock township enterprises and 10 joint stock financial organizations in Chongqing last year. In addition to the five industrial enterprises which practiced the joint stock system, there were also a number of joint stock enterprise groups.

While carrying out the above reforms vigorously, Chongqing also tried out the bankruptcy system in the No 2 Washing Machine Plant and in more than 50 enterprises under the Department of Light Industry in Jiangbei. After receiving a warning that it might go bankrupt, the No 1 Washing Machine Plant improved operation and turned a deficit into a profit.

#### NPC RESOLUTION ON LAW DISCUSSED IN XIZANG

HK111527 Lhasa Xizang Regional Service in Mandarin 0500 GMT 11 Feb 87

[Station commentary: "Everyone Must Know and Observe Laws To Safeguard Stability and Unity"]

[Excerpts] The CPC Central Committee recently issued a circular calling on party committees throughout the country to conscientiously organize activities for studying, publicizing, and implementing the NPC Standing Committee's resolution on strengthening education in the legal system and safeguarding stability and unity. Members of the Standing Committee of our autonomous regional People's Congress in Lhasa spent 2 days studying and discussing the resolution. [passage omitted]

In accordance with the three demands made by the party Central Committee's circular, we must comprehensively, extensively, deeply, and conscientiously organize activities for studying, publicizing, and implementing the important resolution adopted by the NPC Standing Committee; further strengthen education about the legal system; enable party organizations and governments at all levels, working personnel, and the masses throughout the region to be familiar with and have a good grasp of the Constitution and laws; and enable everyone to know and observe laws and to safeguard the political situation of stability and unity. Only by so doing can we make due contributions to building a new Xizang with unity, prosperity, and civilization, and to building socialism with Chinese characteristics.

#### YUNNAN STANDING COMMITTEE HOLDS MEETING

HK120829 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 11 Feb 87

[Text] The 26th meeting of the 6th provincial People's Congress Standing Committee opened in Kunming this morning.

The main items on the agenda of the meeting are: Studying and discussing a decision made by the NPC Standing Committee on strengthening education about legality and safeguarding stability and unity; examining and approving a draft resolution adopted by the provincial People's Congress Standing Committee on earnestly studying and resolutely implementing the decision of the NPC Standing Committee; examining and approving the provisional regulations set by the Kunming City People's Congress Standing Committee on holding mass rallies, parades, and demonstrations; examining and approving draft regulations on enacting the PRC Land Management Law in Yunnan Province; examining and approving draft regulations on management of mining by township and collective mines and enterprises and by individuals; examining and approving a draft work report by the provincial People's Congress Standing Committee; and deciding on the person to make the work report of the provincial People's Congress Standing Committee.

The delegates also examined and approved the draft agenda of the fifth session of the sixth provincial People's Congress; the draft name lists of the presidium and secretary general of the fifth session of the sixth provincial People's Congress; the draft resolution on the number and election of delegates to the seventh provincial People's Congress; listened, examined, and approved a report by the delegates' credentials examination committee under the sixth provincial People's Congress Standing Committee on the examination of credentials of the newly elected delegates; examined and approved a written report on the examination and approval of proposals raised by people's deputies and submitted by the presidium of the fourth session of the sixth provincial People's Congress Standing Committee to its Financial and Economic Committee, and its educational, scientific, cultural, and public health committees for examination and approval; listened to, examined, and approved a report by the provincial people's government on the disposition of suggestions, criticism, and proposals raised by the delegates of the fourth session of the sixth provincial People's Congress Standing Committee; and adopted personnel appointments and removals.

Li Guiying, chairman of the provincial People's Congress Standing Committee, presided over this morning's plenary session.

The delegates listened to explanations given by (Wen Zhiping), vice chairman of the Legal System Committee under the provincial People's Congress, on examination and approval of the provisional regulations on holding rallies, parades, and demonstrations in Kunming City.

Qi Shan, Yan Yiquan, Mao Wendong, Wang Shichao, Wang Lianfang, Yu Huoli, vice chairmen of the provincial People's Congress, attended this morning's plenary session. Attending the session as observers were provincial Vice Governor Dao Guodong; Yang Weijun, vice chairman of the provincial CPPCC Committee; (Li Shukou), vice president of the provincial Higher People's Court; (Bai Shugan), deputy chief procurator of the provincial People's Procuratorate; and responsible persons of people's congress standing committees from some autonomous prefectures and cities and of liaison groups in charge of People's Congress work in some areas.

BEIJING ENTERPRISES RENOVATE TECHNOLOGY

OW120833 Beijing XINHUA in English 0647 GMT 12 Feb 87

[Text] Beijing, February 12 (XINHUA) — Enterprises in Beijing completed 195 technological renovation projects last year, which are expected to produce two billion yuan in extra output value this year. According to today's GUANGMING DAILY, contracts involving 200 million U.S. dollars were signed to introduce advanced technology from abroad. At the same time, foreign experts were invited to help 39 projects. Many industrial enterprises have won the cooperation of research institutes and universities in Beijing, setting up research-production bodies. They developed 3,200 kinds of new products last year, which resulted in 20 percent more output value than in the previous year.

HEBEI SECRETARY VISITS AGRICULTURAL COLLEGE

SK110817 Shijiazhuang HEBEI RIBAO in Chinese 29 Jan 87 p 1

[Excerpts] On the morning of 28 January, Xing Chongzhi, secretary of the provincial party committee, visited teachers of the Hebei Agricultural College to extend Spring Festival greetings to them.

After visiting some of the teachers' homes, Comrade Xing Chongzhi had a discussion with the teachers. He said: The Agricultural College has blazed a very good road in developing Taihang Shan. We should popularize its experiences. He urged the teachers to educate the students to enable them to become well educated and self-disciplined people with lofty ideals and moral integrity, and to uphold the four cardinal principles and oppose bourgeois liberalism. He also urged the teachers to teach the students to make contacts with the masses and practice and to increase their ability over the course of practice. [passage omitted]

Others visiting the teachers were Zhou Zhihua, vice chairman of the provincial Educational Commission, and responsible comrades of the Baoding prefectural and city party committees.

NEI MONGGOL MEETS TO COMBAT BOURGEOIS LIBERALISM

SK111249 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 10 Feb 87

[Excerpts] On the morning of 9 February, the autonomous regional party committee held a meeting of principal responsible persons from party committees and groups in units under the regional level organs.

At the meeting, Comrade Bu He delivered a report to relay the decision made by the regional party Standing Committee on studying documents issued by the CPC Central Committee concerning opposing bourgeois liberalism.

In his report, Comrade Bu He stressed that party organizations at all levels should first do a good job in earnestly studying a series of important documents issued by the CPC Central Committee and steadily and successfully carry forward the struggle against bourgeois liberalism by bearing in mind the region's actual situation.

Comrade Bu He continued: Over the past month, the Standing Committee of the regional party committee has held several meetings to learn about the spirit of the important documents issued by the CPC Central Committee concerning opposing bourgeois liberalism.

During these meetings, the participants contended that the current struggle against bourgeois liberalism by upholding the four cardinal principles is important in political and ideological spheres. Those who have indulged in bourgeois liberalism always negate the party's leadership and socialist systems and advocate capitalist systems. If we leave them unchecked, our country will fall into turmoil again and we will have no way to continuously carry forward the drive to conduct reforms and construction. Therefore, the rising struggle has a vital bearing on whether we can correctly uphold the party's line, principles, and policies as set forth since the 3d Plenary Session of the 11th CPC Central Committee; on what persons are going to inherit our cause; and on the fate of the party and country and the future of the socialist cause. In facing the cardinal issues of right or wrong, it is imperative for us to uphold the four cardinal principles resolutely, according to the central directives by taking a clear-cut and firm stand and to steadily and successfully carry forward the struggle against bourgeois liberalism. [passage omitted]

During these meetings, the Standing Committee members contended that in waging struggle against bourgeois liberalism in the region, attention should be paid to the following tasks: 1) It is imperative to take a clear-cut stand in the struggle and to launch the struggle resolutely according to the central directives; and 2) by proceeding from the region's actual situation, a good job should be done in conducting general education on positive measures and examples among the broad masses of party members to upgrade their Marxist standards, to deepen their understanding of the party's line, principles, and policies set forth during the period since the 3d Plenary Session of the 11th CPC Central Committee, and to deal with existing problems in line with the principle of seeking the truth from facts. [passage omitted] The Standing Committee members contended that the region's situation on the ideological front is good, but that there are unhealthy instances in specific press circles. At present, our major task is to organize the broad masses of party members to successfully study the central documents and to conduct education on positive measures and examples among them. Meanwhile, all existing problems should be clearly examined to draw on experience and lessons from them, to heighten understanding, and to enhance the capability of discerning right from wrong. All higher educational institutions should further enhance their ideological and political work, establish or improve the party and CYL life, and regularize and systemize ideological and political work. At present, both schools and organs, as well as industrial and mining enterprises, have a weak link in this work which urgently needs to be improved.

Comrade Bu He stated: The regional party committee also urged localities across the region to conduct general education on intensifying legal systems and safeguarding stability and unity among the people of various nationalities. Party organizations at all levels, in line with demands set forth by the central documents concerned, should do a good job in organizing the study and discussion of the decision made by the NPC Standing Committee on intensifying legal education and safeguarding stability and unity. [passage omitted] Comrade Bu He stressed: A good job should be done in dealing with the relationship between the movement of opposing bourgeois liberalism and economic work and work in other fields. By no means should we separate the movement from the economic work or set the movement against other professional work. [passage omitted] Special attention should be paid to curtailing the scope of investment in fixed assets and to doing a good job in increasing production, practicing economy, increasing incomes, and curtailing spending. Efforts should be made to extensively conduct education on waging arduous struggle and building up the country through thrift and hard work among party members, cadres, and the people of various nationalities. A good job should be done in vigorously summing up the experience gained in the various work performed over the past 40 years and in preparing well for the celebration of the 40th anniversary of the founding of the autonomous region. Efforts should be made to achieve a good start in the various work throughout the region early in 1987 and to lay a solid foundation for successfully fulfilling the annual work plan.

HEILONGJIANG SECRETARY VIEWS RURAL SPIRITUAL WORK

SK130420 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 12 Feb 87

[Text] The 1987 issue No 1 of RENMINCUN ZAZHI carries an article by Sun Weiben, secretary of the provincial party committee, entitled: Conscientiously Grasp the Building of Spiritual Civilization in the Rural Areas.

The article points out: Presently, in building spiritual civilization in the rural areas, we should stress the following five fields of work:

1. We should study well the resolution of the CPC Central Committee on the guiding principles for building socialist spiritual civilization, which was adopted at the 6th Plenary Session of the 12th CPC Central Committee. During the study we should discuss the major issues in line with reality, help the peasants master the basic concepts of the resolution, and grasp the general strategic status, basic tasks, and guidelines for building the socialist spiritual civilization.
2. We should intensify our concept of the commodity economy, extensively conduct education on reform and developing the commodity economy in the rural areas, and lead the broad masses of rural party members, cadres, and people in firmly fostering the concept of developing the socialist commodity economy. We should educate peasants and encourage them to eliminate the ideology of one crop farming; to foster the concept of comprehensively developing agriculture, industry, and sideline occupations; to break with the idea of self-sufficiency; to foster the concept of opening to the outside world and invigorating the economy; to eliminate the idea of following the beaten path; to foster the concept of becoming rich through scientific means; to eliminate the idea of egalitarianism; to foster the concept of distribution according to work; to do away with the idea of benefiting oneself at the expense of others; and to foster the concept of achieving common prosperity in a civilized manner so as to cope with economic structural reform and the development of the commodity economy in the rural areas.
3. We should improve the quality of the peasants. While building socialist spiritual civilization in the rural areas, we should conduct education on ideals, morality, general knowledge and discipline among peasants through various forms of activities and channels and make the education in cherishing the motherland, the people, labor, science, and socialism manifest itself in the rural social activities and all fields. Meanwhile, we should actively develop educational, scientific, and cultural undertakings and enable peasants to receive new ideas and technology and to master new skills to cope with the four modernizations drive.
4. We should do solid work and good things for the peasants. In building spiritual civilization in the rural areas, we should persist in the principle of renouncing empty talk in favor of efficient work and solve some practical problems in the rural areas in a down-to-earth manner.
5. We should transform social traditions. We should arm the broad masses of peasants with the idea of scientific progress, educate them by contrasting the present social customs with the past, help them gradually foster a scientific world outlook, and develop a civilized, healthy, and scientific way of living.

JILIN GOVERNOR CALLS FOR PRACTICING ECONOMY

SK120337 Changchun Jilin Provincial Service in Mandarin 1030 GMT 9 Feb 87

[Text] On the afternoon of 9 February, Gao Dezhan, governor of the province, delivered a speech at a provincial telephone conference, in which he called on the broad masses of staff members and workers throughout the province to carry forward the spirit of waging arduous struggle and building up the country through thrift and hard work, and to extensively and deeply launch the movement of increasing production and practicing economy and of increasing income and curtailing spending.

In referring to the central task of increasing production and practicing economy and of increasing income and curtailing spending, Gao Dezhan stated: Judging from the province's situation as a whole, the central task of increasing production and practicing economy and of increasing income and curtailing spending includes production increase, construction, and commodity circulation. Industry is an important source of the province's financial revenues. Therefore, there is plenty of scope for our efforts to increase production and practice economy and to increase income and curtail spending. We should score marked achievements in this regard. Industrial departments and enterprises, in line with the premise of increasing economic results and the needs of society and markets, should make efforts to develop production and place the task of increasing production and practicing economy on the foundation of having products suit the demand of markets, increasing the variety of new products, upgrading product quality, lowering consumption and costs, curtailing spendings, and speeding up capital turnover. They should achieve a simultaneous increase in the four aspects of output value, income earned from sales, taxes and profits handed over to the state, and financial revenues. The province's general target is that profit-making enterprises should show a 10 percent increase on the basis of taxes and profits earned in 1986, and that money-losing enterprises should show a 30 percent decrease in their losses. The administrative funds of enterprises and workshops would show a 10 percent decrease and material consumption should show a 2 percent decrease. All enterprises' production costs should show a 2 percent decrease. Funds invested in products or finished products should show a 10 percent decrease over the 1986 figure. The utilization of circulating funds should show a 3 percent decrease.

Commerce is the province's weak link. There is a large potential for increasing economic results. In the course of enlivening the commodity circulation and successfully rendering social service, we should speed up capital turnover, curtail product overstock, lower spendings, and curtail subsidies and losses. The state-run commercial enterprises should show a 12 percent increase in profits over the 1986 figure and show a 20 percent decrease in losses. They should also show a 2 percent decrease in circulating funds. The province has invested the most capital in the capital construction front, but that has caused serious losses and waste. Thus, there is larger potential for saving funds on this front which, therefore, should make more efforts to save funds and score better achievements in this regard. In 1987 the province should show a 2 percent decrease in investment in capital construction and technical renovations. In line with the spirit of operating all undertakings industriously, departments and units in the fields of communications and transportation, post and telecommunications, agriculture, culture and education, science and technology, and public health should put forward their concrete targets of increasing production and practicing economy and of increasing income and curtailing spending. They should show a more than 10 percent decrease in spending, and in particular they should make all-out efforts to curtail the administrative funds.

In his speech, Governor Gao Dezhao emphatically pointed out: In launching the movement of increasing production and practicing economy and of increasing income and curtailing spending, it is necessary for us to integrate the movement with the task of fulfilling various plans in an overall way this year and with the task of enhancing the building of spiritual civilization and political and ideological work. Attention should be paid to successfully grasping the following tasks:

Efforts should be made to deepen the drive to conduct reforms, to bring into full play the enthusiasm of producers and businessmen, and to enliven the enterprises and commodity circulation in order to increase economic results in an overall way.

Efforts should be made to regard the concrete targets of increasing production and practicing economy and of increasing income and curtailing spending as important contents of enforcing the economic responsibility system. We should put forward the targets at all levels and meet the goals as soon as possible regarding enterprises and establishments, workshops, work teams, staff members, and workers. We should also conduct management over these targets and carry out the tasks by aiming at dealing with certain problems, imposing responsibility on personnel concerned, and by applying a systematic measure.

Efforts should be made to uphold the principle of seeking truth from facts, paying attention to social benefits, and to truly achieve practical results. In industrial production, efforts should be made to readjust product structure and to vigorously turn out products suitable to the demand of markets in order to ensure a large increase in financial revenues. The major way to increase economic results lies in organizing production in line with the demands of markets and successfully and closely integrating production with commodity circulation and consumption.

Efforts should be made to enhance the management and basic work, to lower consumption, to save funds, and to reduce losses and waste as much as possible. We should resolutely curtail financial spendings, save various funds, bring under control the scope of capital construction, and should readjust the investment structure. In line with the spirit of operating all undertakings industriously, departments and units should actively put forward the plans of curtailing spendings and saving funds and should implement the plans as soon as possible. Meanwhile, in launching the movement, we should organize the emulation drive of striving to make contributions and commend in a timely manner the individuals, collectives, enterprises, establishments, and units that have made marked contributions.

In concluding his speech, Governor Gao Dezhao urged the party committees and the governments at all levels to resolutely do a good job in organizing the movement and to regard the movement as a big event in 1987's economic work. He urged staff members and workers throughout the province to display the spirit of waging arduous struggle, building up the country through thrift and hard work, and operating all undertakings industriously, by having a high sense of responsibility and of being masters of the country. He also urged them to bring their enthusiasm, initiative, and creativity into full play and to make new contributions again to building the motherland and making the province prosperous.

#### BRIEFS

JILIN EXPORT ACHIEVEMENTS — Jilin Province scored marked progress in exporting commodities to foreign countries in 1986. By the end of 1986, the province earned more than \$500 million in foreign exchange by exports and overfulfilled its annual export plan by 13.8 percent. Of the exported commodities, corn reached 2.8 million tons. [Summary] [Changchun JILIN RIBAO in Chinese 18 Jan 87 SK]

CHONGQING FIRM PAYS TAIWAN SHAREHOLDER'S DIVIDEND

OW111115 Beijing XINHUA Domestic Service in Chinese 0244 GMT 11 Feb 87

[Text] Chongqing, 11 Feb (XINHUA) -- The notary public in Chongqing City and the Taipei District Court in Taiwan Province have jointly issued notary certificates to help Yan Yongde, a Taiwan compatriot's dependent living in Chongqing, to receive dividends from the former Minsheng Shipping Company.

Wang Zuanxu, a deceased former Kuomintang Army general, had bought 200 shares of the former Minsheng Shipping Company for his second son Wang Zeyuan (now in Taiwan).

In the early 1950's China bought out the former Minsheng Shipping Company. According to the buying-out policy, money paid for the shares will not be returned, but a fixed amount of dividends will be paid. When payment of dividends ended in 1966, Wang Zeyuan was entitled to a payment of 4,000 yuan in dividends. Wang Zeyuan decided to let his mother, Yan Yongde, who lives in Beipei District, Chongqing City, draw these dividends as a pension. On 23 September 1986, he obtained a letter of attorney notarized by the notary public of the Taiwan District Court, and asked a relative to forward this letter of attorney to Yan Yongde. The notary public in Chongqing City agreed to handle the case. After investigation, it endorsed the document notarized by the notary public of the Taipei District Court. It recently notarized Yan Yongde's letter of attorney. At present, Yan Yongde has received the whole amount of dividends from the unit concerned.

XINHUA NOTES TAIWAN PARTICIPATION IN UNIVERSIADE

OW121341 Beijing XINHUA in English 1322 GMT 12 Feb 87

[Text] Hong Kong, February 12 (XINHUA) -- Chinese Taipei has decided to participate in the women's basketball and volleyball and athletics at the 14th Universiade slated for July in Zagreb, Yugoslavia, according to press reports reaching here today.

It was reported that the athletes from Chinese Taipei will take part in a non-member capacity. Chinese Taipei will submit its application at the congress of the Universiade this year.

The Universiade is scheduled to be held between July 8 and 19 in Zagreb, the second major city in Yugoslavia. The 1987 Universiade will cover 12 events, including athletics, basketball, fencing, football, gymnastics, swimming, diving, waterpolo, tennis and volleyball.

OPPOSITION PARTY'S NEWSPAPER TO BEGIN 14 FEB

HK130900 Hong Kong AFP in English 0843 GMT 13 Feb 87

[Text] Taipei, Jan 13 (AFP) — Taiwan's first opposition party is to launch a weekly newspaper this weekend, the paper's editor-in-chief said Friday.

Editor Hsieh Ming-ta said the first issue of MIN CHIN PAO (DEMOCRATIC PROGRESSIVE PAPER), a four-page publication in newspaper format, would be published Saturday.

The opposition grouping, the Democratic Progressive Party (DPP), has yet to be officially recognised.

Subsequent issues of what will be the official DPP organ would be published every Wednesday, with party Chairman Chiang Peng-chien as its publisher, Mr Hsieh said. The newspaper will be supervised by the DPP's Standing Committee.

MIN CHIN PAO would present the party's views, explain policies and report on activities of members in the first two pages, Mr Hsieh said.

The third page would be given over to reports of activities such as those involving labor, environmental protection and campuses, while the back page would be devoted to international news, he said.

Mr Hsieh said MIN CHIN PAO had already attracted some 7,000 subscribers for the first issue at 10 Taiwan dollars (about 30 U.S. cents) per copy, twice the cost of a daily newspaper here.

When the time was ripe, the weekly aimed to become a daily, he said.

His remarks referred to Premier Yu Kuo-hwa's statement eight days ago that the government was considering relaxing press restrictions that now effectively prohibit the creation of new daily newspapers.

There are currently 31 daily newspapers in Taiwan, including two published in English. No new daily newspaper license has been issued since the early 1950's.

The DPP, formed by 165 opposition members in September to challenge a 40-year-old ban on new political parties, won 11 seats in the Legislative Yuan and 12 seats in the National Assembly in December despite loose organisation and factional disputes.

Prompted by the formation of the party, the ruling Kuomintang (KMT) announced in October that the party ban and martial law imposed in 1949 -- when the KMT fled here from the mainland -- would be abolished when proper legislation is completed.

The Legislative Yuan, or parliament, is studying a national security law intended to replace martial law. Revision of legislation governing civilian groups, including political parties, are also underway.

COMMENTARY DISCUSSES DEMOCRACY IN HONG KONG

OW121447 Taipei CNA in English 1345 GMT 12 Feb 87

[Text] Taipei, Feb 12 (CNA) -- The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled: "The 'News' About Hong Kong"

Sometimes the news isn't news at all. A case in point: Communist China reported Tuesday that it does not approve of the movement in Hong Kong toward self-rule or democracy. Gee, any Rip Van Winkle could have figured that one out without reading it in the first morning's newspaper.

For starters, the Chinese Communists in Peking have repeated their ominous warnings about political development in Hong Kong many times. It isn't as if they suddenly got annoyed by it. And secondly, since when is it news of any kind that communists detest democracy?

In 1984 Britain and Communist China signed the "Hong Kong Agreement," in which the British agreed to hand Hong Kong over to the Chinese Communists in 1997, when the British lease on the territory expires. The agreement stipulates that Peking will permit Hong Kong to maintain autonomous political and economic systems for fifty years after 1997.

But that promise now seems to be worth less than the paper it is written on. As a matter of fact, Peking has said since 1982 that it did not like London's efforts to promote self-government in Hong Kong.

But that has not stopped the democratic ball from rolling in Hong Kong. In fact, the colony is due to undergo several political reforms in the next few months that would give it secret balloting for legislative elections and a more homegrown representative government. Thus far the British have ignored Chinese Communist warnings and have proceeded to oversee the planning for gradual democratization in Hong Kong. Insiders are saying the British intend to lay the groundwork for Hong Kong's political system, in hopes that it will survive beyond 1997 as an independent, democratic institution.

The Chinese Communists, meanwhile, are doing everything they can to scare the people of Hong Kong away from undertaking any movement toward self-rule. Peking argues that direct democracy should not be introduced before 1997 because the Basic Law, which Peking says it will write up to govern Hong Kong, will undoubtedly not include any provisions for democracy in Hong Kong. The Chinese Communists, it is said, do not want to be put in the awkward position of having to take away something that was put into place before 1997.

That is interesting, to say the least. Whatever happened to the pledge that Hong Kong could remain politically autonomous for fifty years after 1997?

The other irony in all this is Communist China's hypocritical stance that condemns Britain on the one hand for maintaining Hong Kong as a colony, while saying any change in the colony's government or administration is unacceptable on the other hand.

The problem of Hong Kong's political future has been exacerbated by the recent outbreak of another power struggle in Peking. [paragraph continues]

Conservative old guards are making headway in their effort to discredit and replace reform minded leaders and are sapping some of the power of Teng Hsiao-ping, the leader of the reformist faction.

The people in Hong Kong are anxiously watching the turn of events in Peking. No one knows how things will turn out in Peking, but one thing is known: The Chinese Communists are going to block democracy in Hong Kong if it is the last thing they do, united or not, and not matter who is in power.

#### BRIEFS

**INVESTMENT IN OIL PRODUCTS** -- Taipei, Feb 1 (CNA) -- The Chinese Petroleum Corporation [CPC] has decided to invest New Taiwan [NT] \$116.8 billion (\$3.4 billion) in the coming six years in producing new oil products and in improving its oil quality. A CPC official said that although the domestic fuel demand for power generation will decrease after the Taiwan Power Company completes its new coal-fueled power plants, the demand for light oil products, such as gasoline, will continue to increase. Under such circumstances, CPC will have to increase imports of light crude and enhance its refining capability. On the other hand, it will also expand its facilities for removing sulfur from oil products to meet the government's policy of environment protection. The budget will be spent on 46 projects, including the exploration of oil and gas resources, purchase of refinery facilities, transportation, marketing and storage of oil products. CPC will raise NT \$99.6 billion from its revenues in a period of six years while borrowing the rest from domestic banks to finance these projects, the official said. [Text] [Taipei CNA in English 1438 GMT 1 Feb 87 OW]

**EUROPEAN TRADE INCREASES** -- Taipei, Feb 8 (CNA) -- Government and private efforts to diversify ROC [Republic of China] foreign markets have borne fruit as exports to Europe in January increased by 34.6 percent over January 1986, and exports to the United States, the ROC's largest market, merely increased by 0.9 percent. According to customs statistics, the ROC's exports to Europe in January totaled \$470 million, an increase of \$120 million, and accounted for 14.2 percent of the nation's total exports, up 2.8 percent. The statistics also show that seven European countries were among the nation's top 20 trade partners and trade with them registered remarkable growth rates. The seven nations are Sweden, with a growth rate of 63.1 percent; West Germany, 36.1 percent; the Netherlands, 35.9 percent; France, 35.3 percent; Italy, 26 percent; the United Kingdom, 17.6 percent; and Belgium, 6.5 percent. West Germany was the ROC's largest trade partner in Europe with imports worth of \$130 million in January 1987. [Text] [Taipei CNA in English 0339 GMT 9 Feb 87 OW]

**U.S. REMAINS LARGEST MARKET** -- Taipei, Feb 7 (CNA) -- The nation's exports to the United States reached \$1.56 billion in January, or 34.2 percent of total exports last month. The figure represents a 15.8 percent decrease from January 1986. The Board of Foreign Trade said Friday that the decrease indicated the successful diversification of foreign markets. Japan was the nation's second largest importer from the ROC [Republic of China] last month, with \$340 million or 10.4 percent of total exports, followed by Hong Kong, with \$260 million or 8 percent. Japan remained the nation's largest supplier at \$650 million or 34.2 percent of the nation's total imports during the month, an increase of 7.2 percent from January last year. The United States ranked second, with \$420 million or 21.9 percent, and West Germany third with 4.5 percent. [Text] [Taipei CNA in English 0931 GMT 7 Feb 87 OW]

HONG KONGBASIC LAW DRAFTERS DIVIDED ON STRUCTURE

HK130259 Hong Kong SOUTH CHINA MORNING POST in English 13 Feb 87 p 2

[By Stanley Leung in Kunming]

[Text] Basic Law drafters on the Political Structure Subgroup were divided yesterday over the post-1997 organisation of district and regional administration of the territory.

Four different lines of thought -- one suggesting the abolition of the Urban and Regional Councils -- emerged on the second day of the three-day meeting.

Because of the differing views the subgroup could not arrive at a preliminary conclusion on the framework of the future administration.

Co-convenor Mr Xiao Weiyun said members mainly argued about whether it should consist of one or two tiers.

One camp suggested extending the authority of district boards to cover problems currently handled by councils, including those related to recreation and the environment.

Another suggested leaving the existing system basically unchanged.

Two other groups of drafters wanted the Basic Law to include either little or no mention of the councils' structure.

Yet another suggestion left the organisation of the two councils up to the Special Administrative Region [SAR] government, while another favoured that the Basic Law lay down only broad principles.

According to these principles, the SAR government could set up district and regional administration in two areas: municipal services and district consultation.

Future members of the administration should be selected through election and/or appointments.

In view of the diverging views in the subgroup, Mr Xiao said he thought it unwise to rush to quick decisions.

In another session yesterday, it was recommended that privileges presently enjoyed by civil servants from Britain should be cancelled after 1997 with adoption of an "equal work and equal pay" system.

This was one of the recommendations endorsed yesterday by the Political Structure Subgroup of the Basic Law Drafting Committee during its first day of meetings.

These privileges, mainly enjoyed by British expatriates serving in the Hong Kong civil service, included better prospects of promotion and children's allowances.

Co-convenor Mr Louis Cha said there should be an "equal work, equal pay" system regardless of employees' nationality, sex and race.

During the session, preliminary clauses compiled by Mr Szeto Wah on the post-1997 civil service were examined.

The drafters agreed that the basic system of the current civil service should be retained for 50 years after 1997, although the Special Administrative Region government would be allowed to revise policies under certain circumstances.

Mr Cha said the British and other foreign advisers appointed to the SAR government in future should not be allowed to leak crucial information to their home country.

Members concluded that Mainland Chinese should not be allowed to be civil servants unless they had resided in Hong Kong for seven years. Instead, they could be assigned to professional and technical posts in government departments.

The drafters held lengthy discussion on the definition of a civil servant and eventually agreed that civil servants would be full-time, non-elected paid employees working in accordance with civil service procedures.

#### OFFICIALS REACT TO LU PING COMMENTS ON BASIC LAW

HK130247 Hong Kong SOUTH CHINA MORNING POST in English 13 Feb 87 pp 1, 2

[By SOUTH CHINA MORNING POST political staff]

[Text] The Chief Secretary, Mr David Ford, said yesterday he could see no reason why the two consultative exercises on Hong Kong's future political development should not reach the same conclusion.

"The Chinese Government, in drawing up the Basic Law, is consulting the people of Hong Kong through the Basic Law Consultative Committee.

"The Hong Kong Government is also consulting the people through the process of a Green Paper on political reforms.

"Both consultation exercises are aimed at the same people -- that is the people of Hong Kong -- and certainly I can see no reason why those consultative exercises should not reach the same conclusion."

After delivering his maiden speech at a Hong Kong Management Association's Younger Managers' Club lunch in his new official capacity as Chief Secretary, Mr Ford said both were genuine consultative exercises.

He reiterated that the people should speak their minds freely about how they best see future political developments.

His comments followed a warning by the Secretary General of the Basic Law Drafting Committee, Mr Lu Ping, in Kunming on Wednesday that China insisted on the primacy of the Basic Law.

Mr Lu said unless political reforms introduced in Hong Kong complied with the system in the Basic Law, such changes would be "overruled" after 1997.

The final draft of the Basic Law promulgated in 1990 would be the official version, he said.

Commenting on Mr Lu's remarks, Mr Ford said: "I think that's a statement of fact."

"Obviously the Basic Law is a matter for the Chinese Government."

Asked whether he thought Mr Lu had jumped the gun in saying what should happen after 1997, Mr Ford said he thought Mr Lu had "correctly stated" the Chinese position.

"As we understand it, it is obviously a matter for the Chinese Government of what goes into the Basic Law after 1997.

"And that position has been stated many times before," he said.

Mr Martin Lee, who is in Kunming as a member of the Basic Law Drafting Committee, said he accepted the theory that if "incompatibility" occurred, certain adjustments might have to be made towards 1997.

He did not agree with criticism that the current political review was being taken in haste because many people had already expressed opinions on political reform.

Mr Lee said he believed both China and Britain would obtain the same results regarding public opinions on direct elections.

Another drafter, Miss Maria Tam, said the political review was timely and that it was a commitment from the 1984 White Paper.

The review this year would tackle those issues unresolved in 1984.

"This is only a step forward as far as political reforms are concerned because it only covers a few years from this year," she said.

Commenting on Mr Lu Ping's statement, Legislative Councillor Mr Lee Yu-tai said he would not rule out the possibility there might be a battle of public opinion with each side playing the "opinion card" strategy again as before the signing of the Sino-British Joint Declaration.

But he added he had confidence that if the Chinese and Hong Kong Governments were sincere in soliciting Hong Kong people's will on direct elections, they should come up with the same conclusion unless there was intervention from one side to twist the whole picture.

Even if there might be divergence between the Basic Law and Hong Kong's political reform in 1990, the time the Basic Law is expected to be completed, there were still seven years before 1997 in which the systems could adjust to each other, he said.

"Little divergence could be resolved by compromise and I don't think it's the end of the world if we (Hong Kong people and China) have a few differences on the issue," he said.

Urban Councillor and a member of the Basic Law Consultative Committee, Mr Man Sai-cheong, felt China and Hong Kong people should have an open mind on the direct elections issue.

Mr Man said if Hong Kong people would candidly express their view on the issue and China would take their view into full consideration, the convergence problem could easily be solved.

"The Hong Kong Government said it would canvass the public's view on the issue and Chinese officials promised they would listen to Hong Kong people, so the two will have the same information source and the same conclusion should be expected.

"Unless one side gives a distorted picture of what they get, Hong Kong people should not have any worries about a disputed conclusion," he said.

Mr Man said even if Hong Kong adopted some form of political changes it did not follow that these changes would create a problem of convergence with the Basic Law.

He said the present row over direct elections was partly a result of speculation and unnecessary presumptions made by some people assuming that the Chinese Government, or the Hong Kong Government, is doing something to preempt the other in laying down the format for future Special Administrative Region government.

He said even if some form of direct elections were to be introduced before the Basic Law was finalised, the Chinese and British Governments could still bridge the difference through diplomatic channels.

At a different function, the Acting Governor, Sir David Akers-Jones, said it would be wrong to predict the outcome of consultations on Hong Kong's political reforms and the Basic Law.

Speaking after a British education fair, Sir David said the Hong Kong and British Governments would be consulting Hong Kong opinion on political reforms later this year.

He said consultations were going on with Hong Kong people about the Basic Law.

"Now these two processes of consultation, while they are going in parallel, the consultation is with the same group of people," he said.

"And I hope Hong Kong people will give the same sort of response to the consultations from these two directions."

He stressed it would be wrong to predict the outcome of the consultations when Hong Kong people were in the middle of them and a Green Paper was to be published.

Echoing Sir David's view, Mr Ford said: "It is very important that we do not try to lead public opinion one way or the other about what might or might not happen at the end of this exercise.

"I think there is a danger that by drawing people out at this stage before they have seen the Green Paper (on political reform) and trying to get them to establish their position before the Green Paper is even published is not a very helpful development for Hong Kong."

QUEEN CONFIRMS DAVID AKERS-JONES APPOINTMENT

HK130223 Hong Kong SOUTH CHINA MORNING POST in English 13 Feb 87 p 2

[Text] The Queen confirmed the constitutional status of the Acting Governor, Sir David Akers-Jones, yesterday by officially appointing him to the post.

An announcement was made through the office of the Secretary of State for Foreign and Commonwealth Affairs pursuant to Article XVII(1) (A) of the Letters Patent to designate Sir David to assume and perform the functions and office of the governor of Hong Kong.

A legal tangle arose with an official announcement on Tuesday that Mr David Ford would become chief secretary from yesterday, which meant Sir David ceased to be the chief secretary, and it became necessary to make his position official.

A government spokesman said yesterday that following the death of Sir Edward Youde, Sir David assumed the duties of acting governor under Article XVII(1) (B) of the Letters Patent which provides that when the office of the governor is vacant and no person is specially appointed by the Queen under Article XVII(1) (A) the duties of the governor shall fall on "the person lawfully discharging the functions of chief secretary".

Therefore, special arrangements had to be made to provide Sir David with the necessary constitutional status to perform as the acting governor after he ceased to be chief secretary.

HONG KONG RECORDS RISE IN EXTERNAL TRADE

GW122018 Beijing XINHUA in English 1517 GMT 12 Feb 87

[Text] Hong Kong, February 12 (XINHUA) -- Hong Kong achieved an 18 percent rise in external trade in 1986 over 1985, according to a press release issued by the Census and Statistics Department here today. Hong Kong's merchandise trade was valued at about 552.48 billion H.K. dollars (roughly 70.83 billion U.S. dollars) last year, the release said.

The territory's domestic exports to all principal markets increased on the same basis of comparison. West European countries and Japan were the fastest growing markets for Hong Kong products. Exports to Hong Kong's two largest markets, the United States and the Chinese mainland, grew by 11 percent and 19 percent, respectively.

In 1986, Hong Kong's total exports rose 19 percent, re-exports, 16 percent and imports, 19 percent. Its overseas sales began to rebound last March, making it a major factor for the local economic resurgence last year.

The turnaround in exports has helped Hong Kong maintain almost full employment in the labor market and the revival of consumer demand, the release said.

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